



ACTION PLAN TO IMPROVE THE CITYWIDE PURCHASING PROCESS

Finance Department

September 25, 2017

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Executive Summary

In response to a June 2016 operations and financial audit and feedback from City Departments, the Finance Department has worked collaboratively with staff citywide to re-imagine the purchasing process.

A Purchasing Task Force was created in August 2016 to assess the City's current purchasing policies, procedures and workflow. As a result of this group's work, the Finance Department has developed a series of recommendations to improve the existing purchasing policies and procedures in order to create a more streamlined, transparent and effective approach to purchasing. These recommendations are summarized below.

Big Picture Changes

- Redefine how a centralized purchasing system operates:
 - Transition from a staff centric centralized purchasing system to a nimble system of centralized review.
 - Provide the experts (e.g. engineers) with the proper procurement tools (e.g. templates).
 - Require all "formal" bids to be posted on the City's online bidding system.
- Present to the City Council for approval the Proposed Purchasing Resolution (attached), which serves as a comprehensive purchasing policy document required by the City Charter. The proposed revised resolution has been reviewed by all City Departments, including City Attorney's Office, and will:
 - Organize purchasing rules into purchasing types (e.g. emergency, services, construction, etc.).
 - Provide clear guidelines on purchase orders and change-orders.
 - Serve as the document that links and provides clarification of the City's regulatory policies (e.g. Charter and Municipal Code) to the internal Administrative Manual Procedures (e.g. Process for issuing a request for proposals).
- Add transparency and enhance internal controls:
 - Continue posting all purchases not requiring City Council, Board of Public Utilities, or Board of Library Trustees approval on Finance's departmental website.
 - Add a semi-annual review of all purchases by vendor to ensure bid-splitting is not occurring.
 - Conduct an annual review of all purchases by category to determine if City can procure various departmental goods and/or

services through a single Citywide bid to leverage purchasing power and save time.

- Effectuate a comprehensive overhaul of various Administrative Manuals applicable to purchasing:
 - Merge certain procedures (e.g. purchase order, annual purchase order and change order).
 - Draft new procedures (e.g. purchasing Training Procedure, acquisition of construction services, etc.).
 - Rewrite certain procedures (e.g. contracting for professional services to include request for proposal documents).
 - Streamline the purchase order process (e.g. requires a single requisition to be processed with all documentation).
- Establish a Formal Training Program:
 - In coordination with the City Attorney's Office, conduct quarterly training sessions for City staff involved in purchasing.
 - Different training courses for staff and management.
 - Participate in New Hire Orientation.
 - Provide refresher training sessions and mandatory retraining as needed.

Procedural Changes

- Library and Riverside Public Utility (RPU) Purchases:
 - Enhance the cooperative purchasing arrangement with the Department of Public Utilities through the required use of the City's purchasing templates and training, including bringing periodic purchasing reports consistent with all other City departments to the City Council.
 - Per the City Charter, currently Library and RPU Boards may approve purchases, when funding is available in their respective budgets.
 - Prepare bi-annual reports for the City Manager's Office on purchases made by the Library and RPU under the City Charter provision.
 - Prepare annual reports for the City Council, as part of the budget process.
- Travel Cards:
 - Eliminate the travel card program in its entirety.
 - Instead, issue departmental Purchase Cards (P-Cards) for travel-related expenses.
- Allow Purchasing Manager to reject all bids and re-bid without City Council approval for formal bid items:

- Information is still subject to public information request.
- Saves staff time and resources.
- Allows departments to acquire goods and services more expeditiously.
- Does not apply to Construction purchases, which requires City Council and/or Board of Public Utility approval per Charter.
- Annual Purchase Orders (POs):
 - Usage of Annual PO's for goods will be reduced with the increase in P-Card transaction limits.
 - All Annual POs will be presented to the City Council for approval as part of the biennial budget process.
- Formal Vendor Evaluation Process:
 - Prepare Request for Proposals (RFP) templates in collaboration with City Attorney's Office; require all City departments to use these templates.
 - Develop a Vendor Selection Plan with template scoresheets; require all City departments to use the Plan and templates.
 - Provide quarterly training on the application of the templates.
 - Establish a formal vendor evaluation program for all procurements over \$1 million. After two-years, expand this program to all procurements over \$500,000.

Authority Limits

- P-Cards:
 - Increase monthly limits on P-Card purchases to \$10,000 for most cards. Some departments will have larger amounts in place by exception (e.g. Fleet Division).
 - Increase maximum limits on single transactions from \$2,500 to \$10,000.
- Raise the financial threshold for purchases requiring bids from \$2,500 to \$10,000:
 - Allows departments to get needed resources into their hands quickly, reducing downtime.
 - Increase to efficiencies through an estimated 21% decrease in the number of purchases that would require competitive procurement.
 - Minimal risk to paying more than the lowest possible price bid for items or services as an estimated \$6.2 million in annual purchases will continue to fall within the competitive procurement process.

How Did We Get Here?

City Charter Section 1105, Centralized Purchasing, and City's Municipal Code Chapter 3.16, Centralized Purchasing, require the City to have a Centralized Purchasing System. Recognizing that the City is a large and complex organization, the Charter and Municipal Code (RMC) include various exceptions to centralized purchasing and outline several ways purchases can be authorized. For Example:

- Section 601(d), Powers and Duties of the City Manager, requires the City Manager to prepare rules and regulations governing contracting/purchases, subject to approval of the City Council.
- Section 419, Execution of Contracts, specifies that the City Council may authorize the City Manager, or other officials, to bind the City for the acquisition of goods, services, etc. within certain monetary limits.
- Section 808, Board of Library Trustees, allows the Board to approve purchases peculiar to the needs of the Library, subject to budget limitations.
- Section 1109, Public Works Contracts, places monetary, bidding, and approval/rejection requirements on projects deemed "public works."
- Section 1114, Design-Build Procurement, required the establishment of RMC Chapter 1.07, which includes the detailed process for which design-build requirements must be done in accordance with.
- Section 1202(b), Powers and Duties of the Board of Public Utilities, allows the Board to approve purchases peculiar to the needs of the Public Utilities Department (RPU) and establishes restrictions on the type and dollar threshold of purchases made by Public Utilities.
- Section 1203, Exemption from Centralized Purchasing, provides for Public Utilities' ability to not be part of the City's centralized purchasing system; however, RMC Section 3.16.040, Department of Public Utilities Excepted from Operation, states that a cooperative purchasing arrangement may be consummated at any time between that department and the Purchasing Division established by this Chapter."

In 2010, budget reductions led the Finance Department to merge the Purchasing and Risk Management Functions. This combination of divisions is generally unique among California Cities. In order to provide better focus and oversight into each function, the FY 2017/18 revised Mid-Cycle budget has separated the Risk Management and Purchasing Divisions.

In June 2016, Matrix Consulting Group presented an Operational and Performance Audit of the Finance Department. With regards to the purchasing function, the report stated the City should:

- Review/clarify how purchases are paid/tracked;
- Increase procurement dollar thresholds;

- Perform a more in-depth review of bid/request for proposal specifications from City Departments;
- Perform a more thorough review of all City contracts;
- Review use of evergreen contracts;
- Establish a formal vendor performance evaluation process; and
- Add staff to ensure centralized purchasing could be done properly.

In response to the Matrix Consulting Group audit and feedback from City Departments, in August 2016 the Finance Department formed a Citywide Purchasing Task Force. The approach of the Task Force was to assess the City's current purchasing policies, procedures, workflow, and exceptions. The goal of the Task Force was to revise and modernize the purchasing processes and payment system.

Based on recommendations from the Purchasing Task Force in April 2017, the Finance Department, in consultation with all City Departments, has prepared a Proposed Purchasing Resolution, which provides clarification on purchasing categories/processes and exceptions to centralized purchasing, and proposes changes to delegated purchasing authority, raising the financial threshold of purchases needing bids from \$2,500 to \$10,000.

The subsequent tables, charts and appendices provide the data used, work flow processes considered, and timeline for staff training for the recommended changes in the proposed Purchasing Resolution. The supporting information has been reviewed and recommended by the Purchasing Task Force.

Increasing Minimum Amount Needed For Bids

All PO & CO	FY 2014/15		FY 2015/16		FY 2016/17 (to Date)	
	#	\$	#	\$	#	\$
\$0-\$2,500	2,055	\$2,225,484	2,133	\$2,309,439	1,994	\$2,141,589
\$2,501-\$5,000	543	\$2,014,540	584	\$2,246,853	600	\$2,235,486
\$5,001-\$7,500	279	\$1,743,315	268	\$1,677,122	271	\$1,692,577
\$7,501-\$10,000	225	\$2,023,234	266	\$2,427,350	250	\$2,254,042
\$10,001-\$50,000	747	\$17,693,258	860	\$20,391,025	867	\$20,945,821
\$50,001-\$100,000	89	\$6,515,397	133	\$9,510,245	94	\$6,993,034
\$100,001+	164	\$30,255,547	199	\$124,489,965	199	\$103,213,187
Total Purchase Orders	4,102	\$ 62,470,775	4,443	\$163,051,999	4,275	\$139,475,736
Total Change Orders	959	\$-	955	\$-	903	\$-
Total PO and CO	5,061	\$62,470,775	5,398	\$163,051,999	5,178	\$139,475,736

PO's of \$2,500 and under	2,055	\$2,225,484	2,133	\$2,309,439	1,994	\$2,141,589
	41%	4%	40%	1%	39%	2%
PO's of \$10,000 and under	3,102	\$8,006,573	3,251	\$8,660,764	3,115	\$8,323,694
	61%	13%	60%	5%	60%	6%

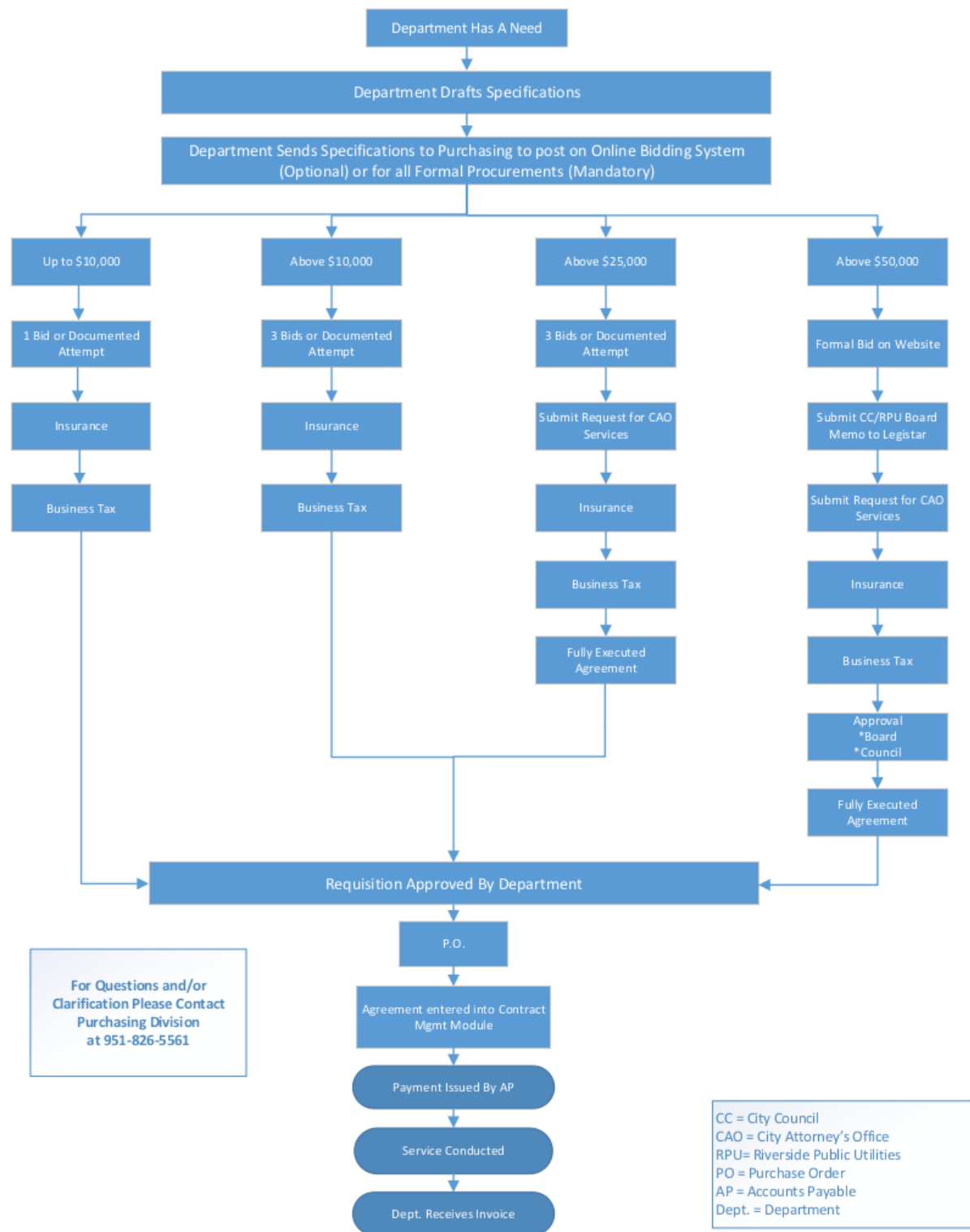
Based on FY 2016/17 activity to date, *by increasing the bid threshold from \$2,500 to \$10,000, staff will only give up 4% (\$6.2 million) of competitive dollars bid, but will gain efficiency through an estimated 21% decrease in the number of purchases that require competitive procurement.* This allows City staff to get the resources needed more quickly, and Purchasing staff has more time to focus on large, more complex projects.

Revised Purchasing Processes

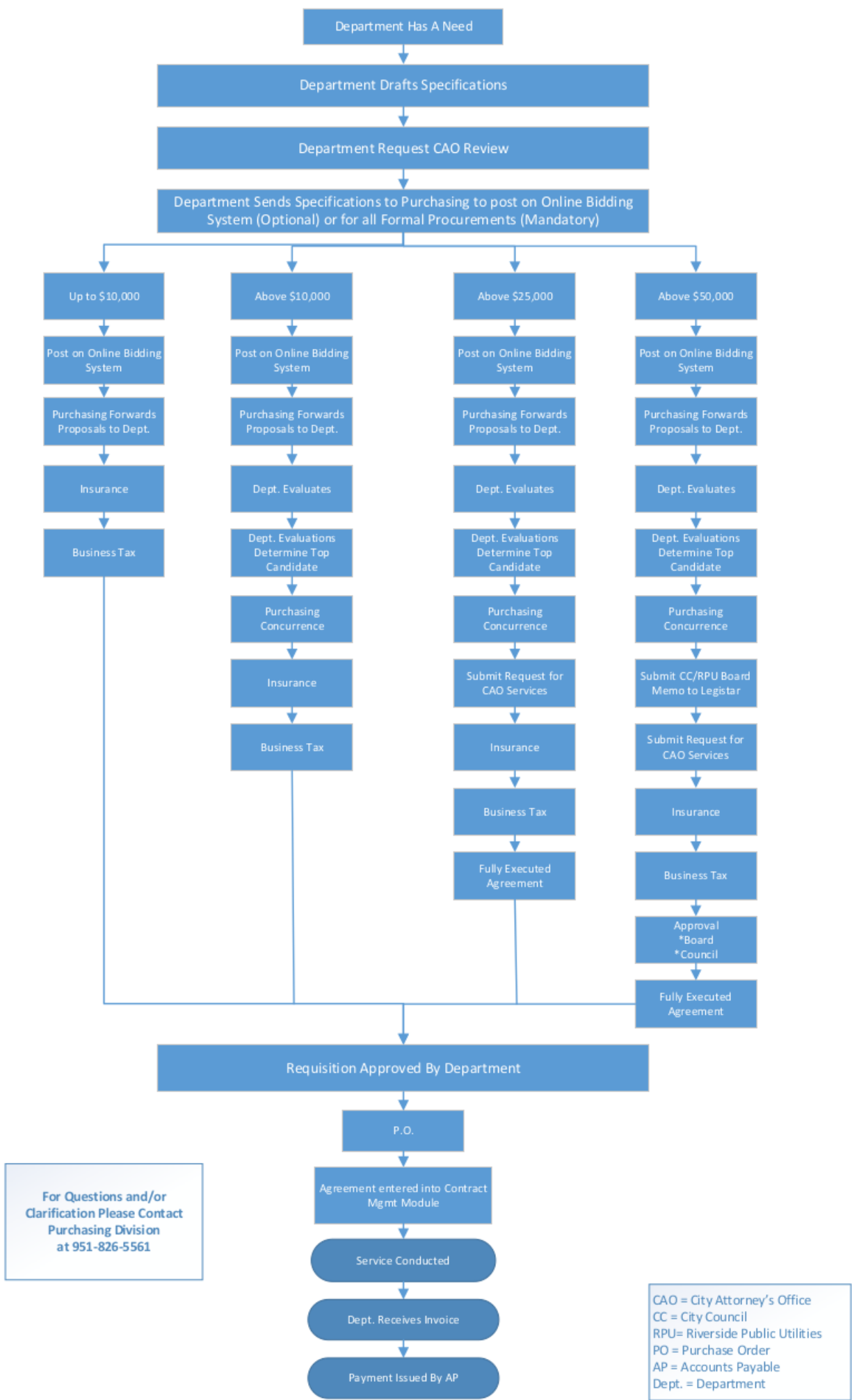
The following 8 pages contain flowcharts reflecting various purchasing processes after the recommended improvements, including:

1. Informal Procurement of Services (without Requests for Proposals)
2. Formal Procurement of Services (utilizing a Request for Proposals)
3. Construction Services
4. Purchase of Goods
5. Most Commonly Used Purchasing Exemptions
6. Insurance Requirements
7. Purchasing Card (P-Card) Documentation

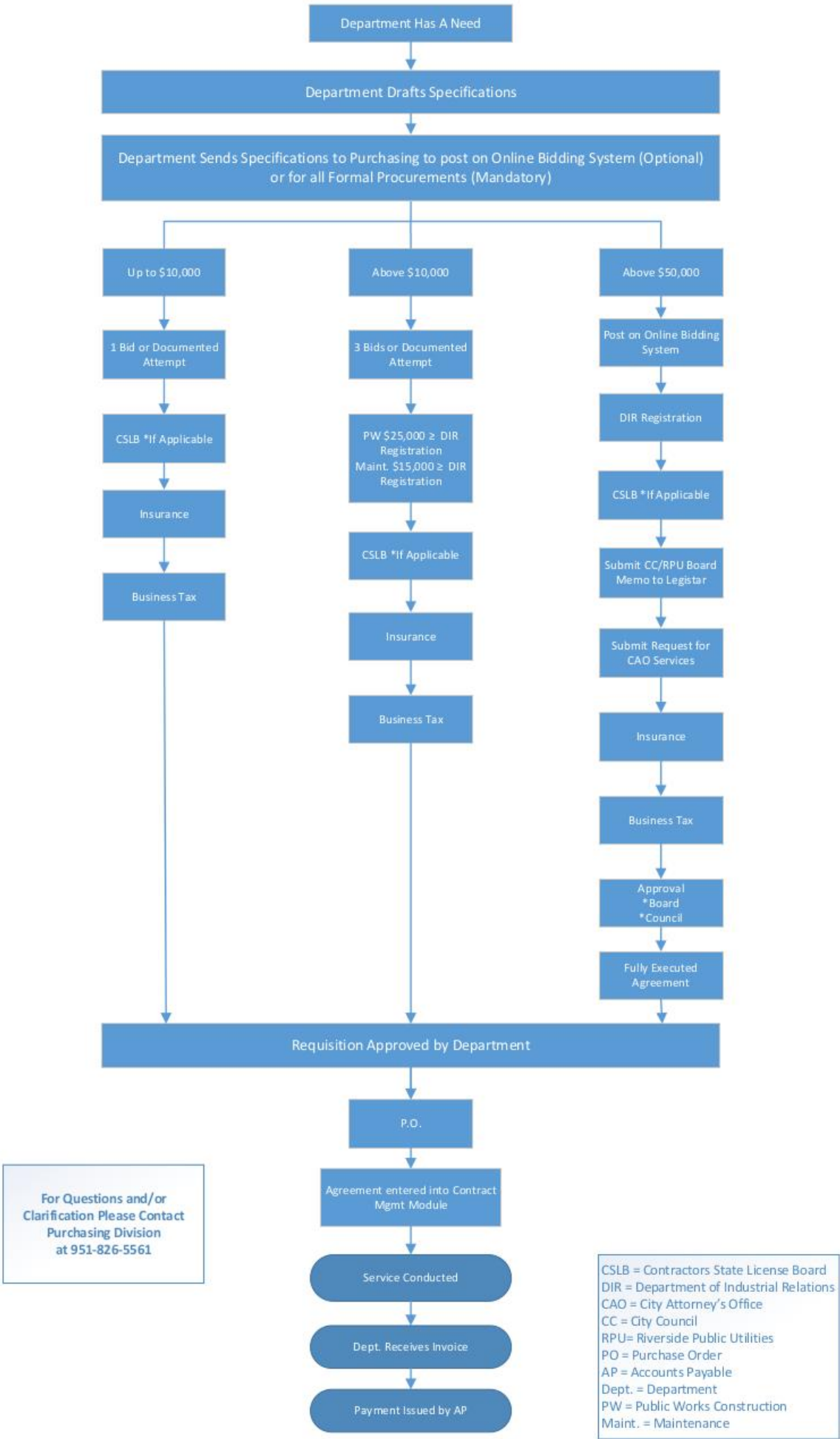
Informal Procurement of Services (without Requests for Proposals)



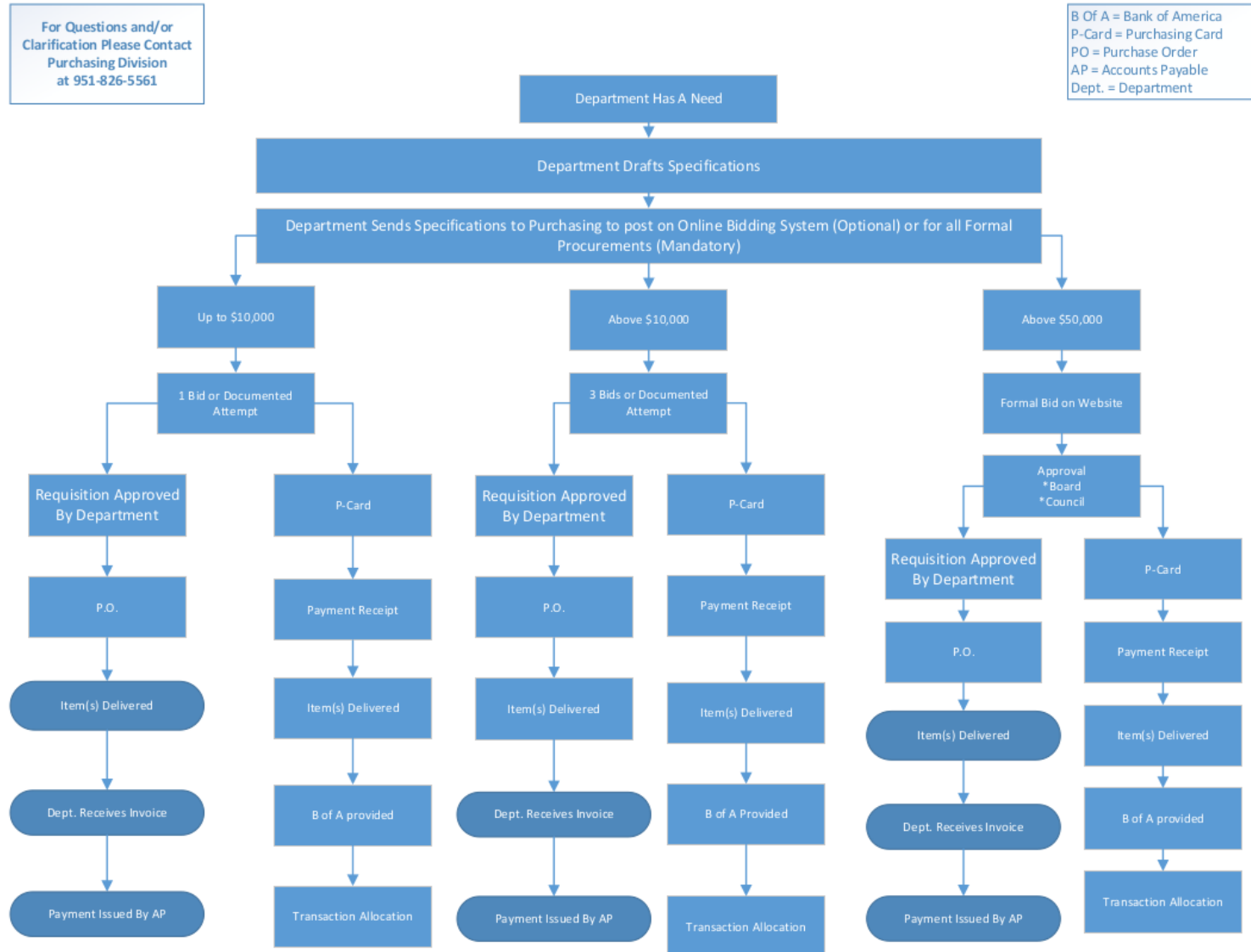
Formal Procurement of Services (utilizing a Request for Proposals)



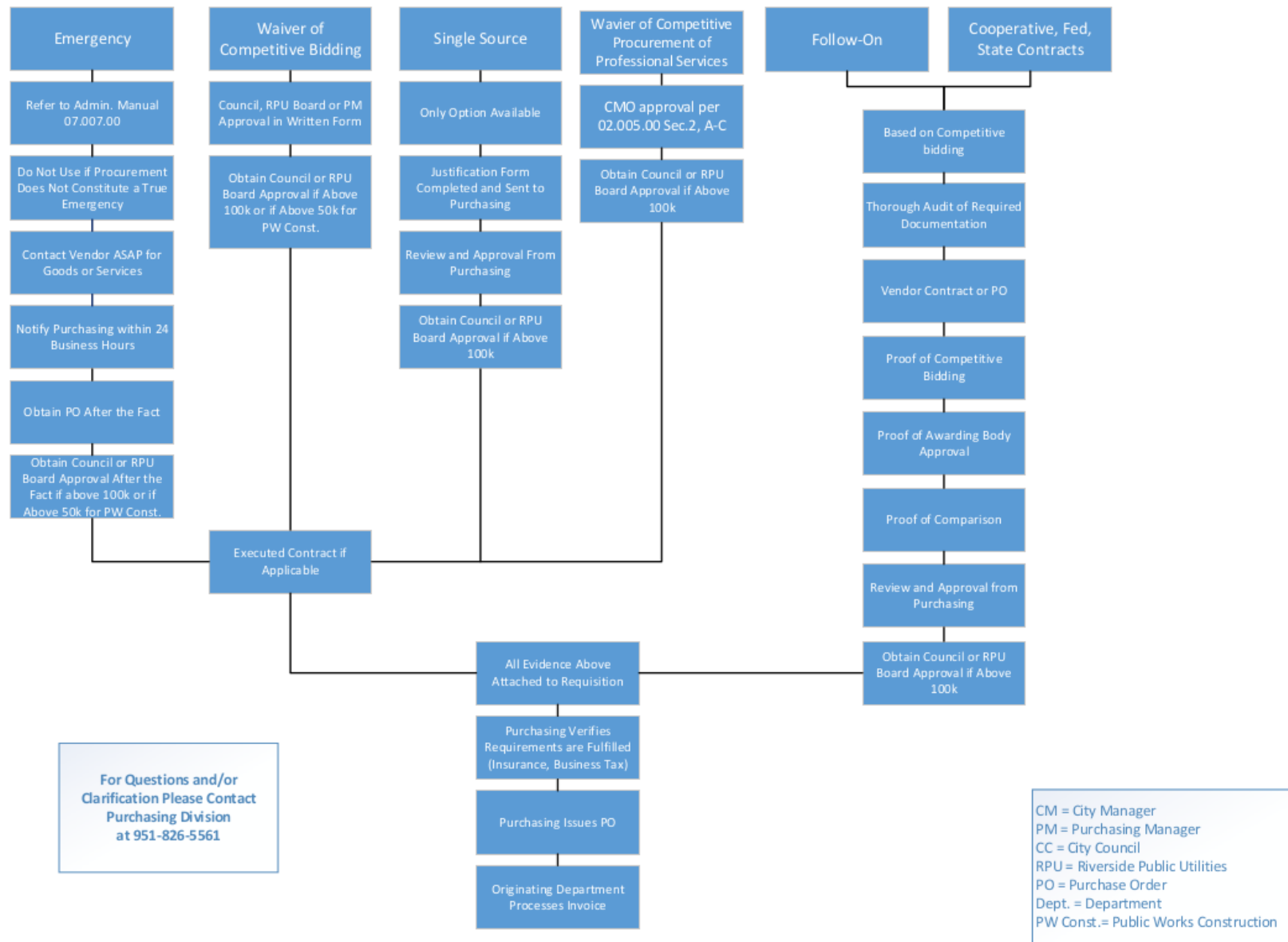
Construction Services



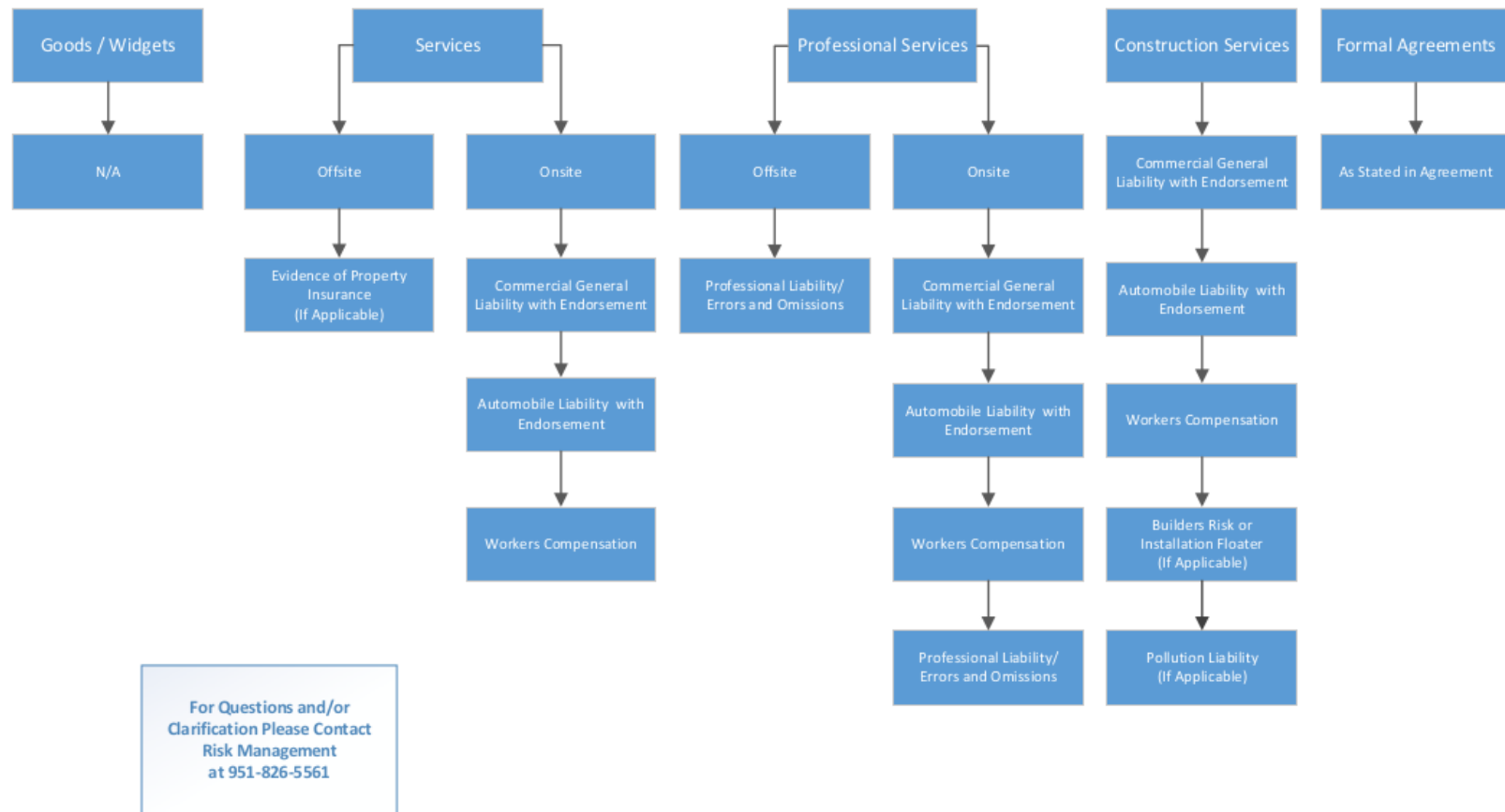
Purchase of Goods



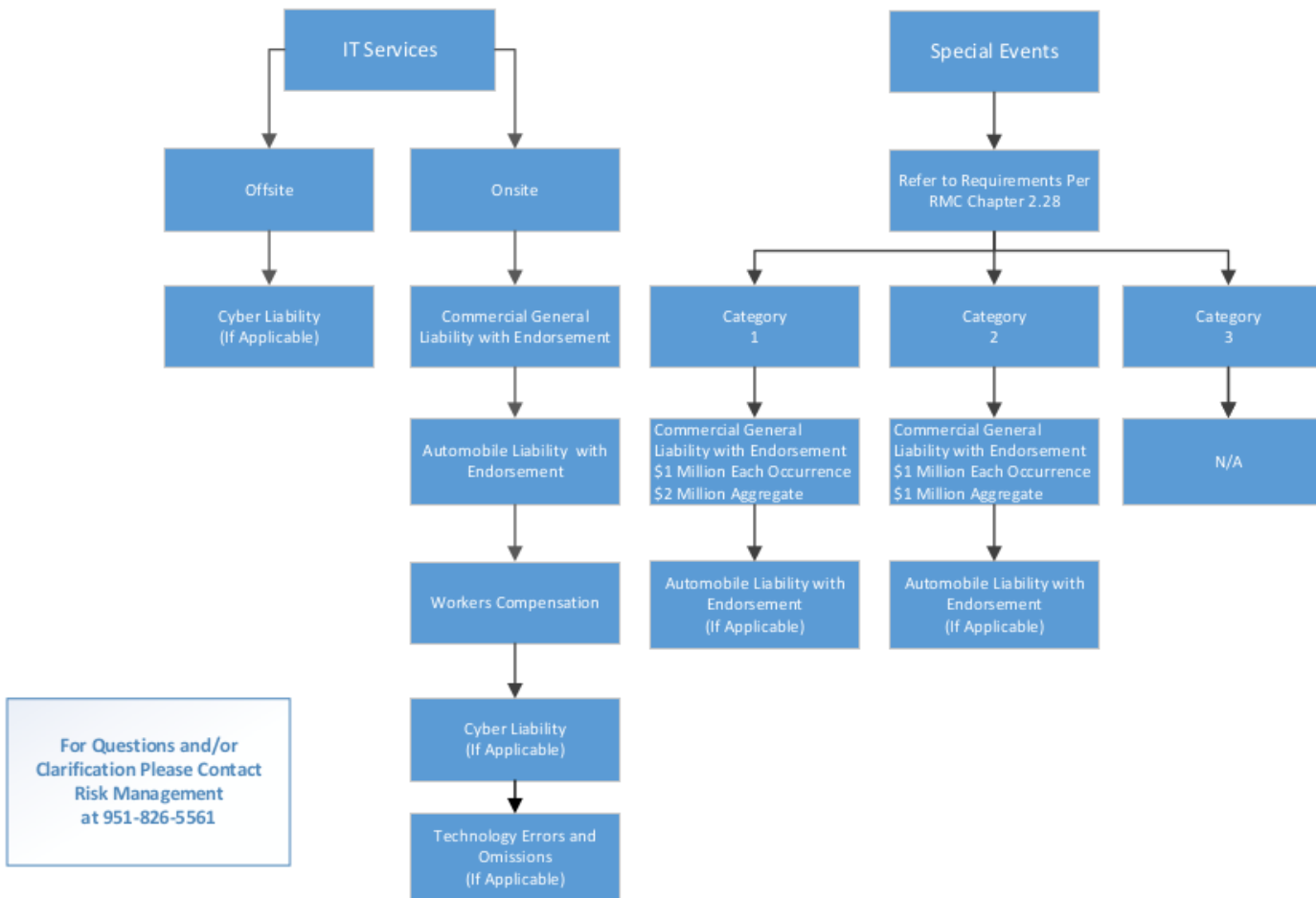
Most Common Purchasing Exemptions



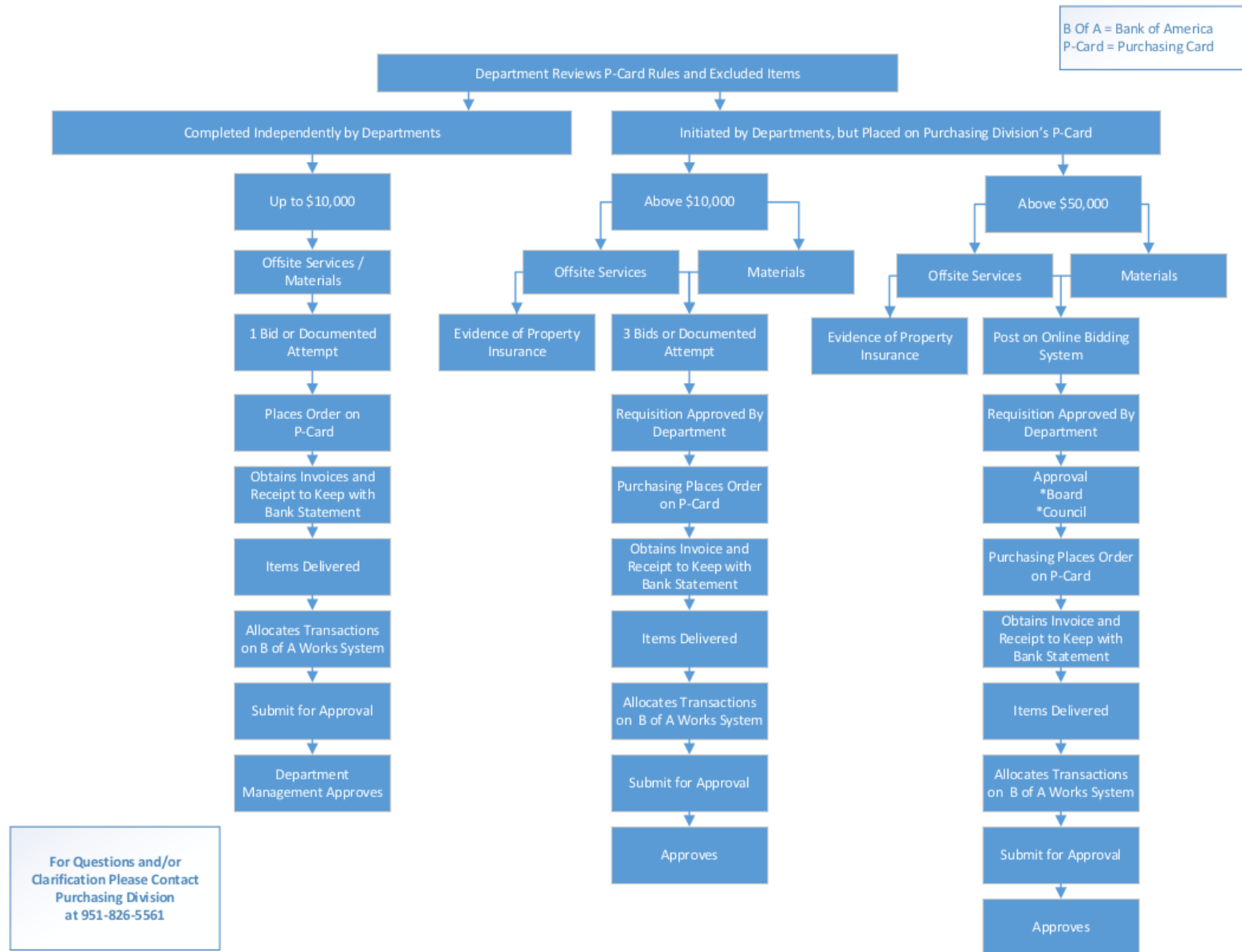
Insurance Requirements



Insurance Requirements Cont.



Purchasing Card (P-Card)



Timeline

The City's FY 2018-2020 Two-Year Budget process will begin in the November/December 2017 timeframe. In order to not overburden departments, the new Purchasing Policies and Procedures need to be finalized and in place by that time. A high level overview of the proposed timeline can be found below.

August – October 2017

- Development and Finalization of Administrative Manual Procedures
 - o Review by Department Directors
 - o Review by Internal Audit
 - o Review by City Manager's Office
 - o Routed to all City Departments by Internal Audit
- Development of Templates
 - o Request For Payment
 - o Scoring Sheets
 - o Conflict of Interest
 - o Other documents needed based on feedback from City departments
- Finalization of Comprehensive Purchasing Manual

September 2017 – October 2017

- Finance Committee (September 13th)/City Council (October 3rd)
 - o Approval of Proposed Purchasing Resolution, including any changes

October – November 2017

- Development of training program in cooperation with the City Attorney's Office
 - o Professional Staff
 - o Management
 - o Executives
- Work with Human Resources during New Employee Orientation

Appendices

Appendix A – Matrix Recommendations

Matrix Consulting Group - Purchasing Recommendations from June 2016.

6.1 Purchasing should require the use of a Purchase Order with exceptions to emergencies, sole source and/or utilizing a cooperative purchase agreement limiting the use of Request for Payments (RFP) to those uses outlined in the policy criteria.

6.2 Purchasing should update its procurement thresholds for the purchase of goods, services and public works projects. A review of other cities' policies indicates that thresholds of below \$5,000, between \$5,000 and \$75,000, and above \$75,000 are appropriate for informal, written informal, and formal bid processes, respectively. This change will provide more timely service to departments with minimal increase in risk if appropriate oversight is utilized.

6.3 With the addition of a new position, Purchasing should place a greater emphasis on the review of bid specifications provided to them by departments where they can determine the appropriateness of the specs.

6.4 Purchasing should review all contracts especially in relation to insurance requirements thus ensuring all contracts are uploaded to SPL for review and reference.

6.5 Purchasing should routinely put services out to bid and not utilize evergreen contracts, which may limit downward changes in pricing opportunities.

6.6 The City should establish a formal vendor performance evaluation process to mitigate risks posed by known problem vendors. Vendor debarment is a core contracting process to safeguard the City from known problem vendors. Consider the use of language in RFPs that prior work will be considered.

6.7 Given the staffing ratio comparison and the recommended procurement changes, one full-time buyer position should be added to the Purchasing Division.

Appendix B – Matrix Staffing Recommendations

The following is an excerpt from the June 2016 Matrix Consulting Group Financial and Performance Audit:

Purchasing has four buyers for the entire City which includes the Purchasing and Risk Manager. A review of the following comparable cities shows that the Riverside has the second lowest level of staff per 1,000 employees with most cities having double or more staffing ratio. Santa Ana processed approximately one third less purchase orders than Riverside yet has almost double the staff ratio.

Jurisdiction	# of Purchasing Staff	# of FTE	Purchasing Staff / 1,000 FTE
Long Beach	6	5,236.05	1.15
Riverside	4	2,503.04	1.60
Bakersfield	3	1,533.00	1.96
Irvine	4	1,500.00	2.67
Chula Vista	3	965.25	3.11
Anaheim	6	1,915.00	3.13
Stockton	7	1,539.00	4.54
Santa Ana	7	1,107.00	6.32

With a greater emphasis on processing Purchase Orders, reviewing all contracts, developing and monitoring a vendor evaluation system, and the staffing ratio of the City compared to peer cities, one full-time Procurement & Contract Specialist position should be added to the Purchasing Division.

Appendix C – Inventory of Regulatory Requirements

City Charter			
Article/Section	Title	Summary	Notes
Article IV, City Council and Mayor - Section 418	Contracts - Execution	City Council may authorize the City Manager to execute contracts, PO's, etc. within certain monetary limits	The dollar authority given to the City Manager (or designee) is included in Article Two, Section 202 of the Recommended Purchasing Resolution.
Article VI, City Manager - Section 601	Powers and Duties	Subject to approval of the City Council, the City Manager has the power to prepare rules and regulations governing the contracting, procuring, purchasing, storing, distribution, or disposal of all supplies, materials and equipment required by any department/agency.	The general purchasing rules are approved by the City Council through the Recommended Purchasing Resolution. These general rules are further clarified through the Administrative Procedure Manual.
Article VII, Officers and Employees Generally - Section 704	Chief Financial Officer/ Treasurer	CFO Treasurer shall maintain a general accounting system for all City departments/agencies, audit and approve all payments before issuance, and maintain records of all inventories.	Through updated and new Administrative Procedures, the Purchasing Division (conformance with purchasing policy) and Accounting Division (availability) will each provide a review of all purchases.

City Charter

Article VIII, Appointive Boards and Commissions - Section 808	Board of Library Trustees	The Board of Library Trustees shall have the power and duty to purchase and acquire books, journals, maps, publications and other supplies peculiar to the needs of the library, subject, however, to the limitations of the budget for such purposes. The expenditure and disbursement of funds for such purchases shall be made/approved as provided in the Charter.	The Powers of the Board of Library Trustees are included in the Recommended Purchasing Resolution (e.g. Article One - definitions, Article Two - Approval Authorization, Article Four - Informal Procurement, and Article Twelve - Surplus). Further, Article Four, Section 404 of the Recommended Purchasing Resolution provides clarity on approvals by the Board of Library Trustees for these items.
Article XI, Fiscal Administration - Section 1105	Centralized Purchasing	Under the control and direction of the City Manager there shall be established a centralized purchasing system for all City departments and agencies, consistent with all other provisions of the Charter.	RMC Chapter 3.16, Centralized Purchasing System, provides an overview of the City's Centralized Purchasing System and assigns the Purchasing Manager, through powers granted by the City Manager, to manage all purchases of supplies/equipment, sell all surplus, and transfer surplus between City Departments/Agencies. A high level overview of the Purchasing Rules are included in the Recommended Purchasing Resolution.

City Charter

Article XI, Fiscal
Administration -
Section 1109

Public Works
Contracts

All projects that meet the definition of a "public work," including buildings, streets, drains, sewers, utilities, parks, and materials for these projects, shall be approved by the City Council or Board of Public Utilities if they exceed \$50,000. Projects are awarded to the lowest responsible bidder after notice of a minimum of 10-days. Bidder must meet certain bond/surety requirements to be awarded work. The City Council or Board of Public Utilities may reject any and all bids and re-advertise in its discretion. The City Council, through a Resolution approved by at least five (5) votes, can award work without following the bidding or posting requirements (e.g. urgency procurements, construction/improvement of any public utility operated by the City).

Recommended Purchasing Resolution, Article Eight provides an overview of the Acquisition of Construction Services.

City Charter

Article XI, Fiscal Administration - Section 1114	Use of Design-Build Procurement for Public Works Projects	Pursuant to the California Public Contracts Code, Charter Section 1109, or any other law or regulation of the City of Riverside, the use of design build procurement by competitive negotiation is authorized. The City Council shall establish by ordinance regulations for the award, use and evaluation of such design-build contracts, in which the design and construction of public works project are procured from a single entity.	RMC Chapter 1.07 includes the detailed requirements of Design-Build Procurement. Additionally, for consistency, the Recommended Purchasing Resolution, Article Nine, references RMC Chapter 1.07 and provides a general overview of Design-Build Procurement.
Article XII, Department of Public Utilities - Section 1202	Power and Duties (RPU Board)	Board of Public Utilities must approve all items (construction, services, widgets, etc.) when the amount exceeds \$50,000. For these items, the City Manager is authorized to sign all applicable agreements, etc. Urgent Life and Safety purchases may be authorized by the Director/General Manager up to \$100,000 and by the City Manager for amounts greater than \$100,000 - An item will be presented to the Board of Public Utilities within a reasonable time after the purchase/acquisition of services was made.	The Powers of the Board of Public Utilities are included in the Recommended Purchasing Resolution (e.g. Article One - definitions, Article Two - Approval Authorization, and Article Four - Informal Procurement). Additionally, the urgency procurement provisions are included in Article Three of the Recommended Purchasing Resolution.

City Charter

Article XII, Department of Public Utilities - Section 1203	Purchases and Expenditures; Exemption from Centralized Purchasing System (RPU)	The purchase of equipment, materials and supplies peculiar to the needs of the Department of Public Utilities need not be made through the centralized purchasing system. The expenditure and disbursement of funds of the Department of Public Utilities shall be made and approved as elsewhere in this Charter provided.	RMC, Chapter 3.17, Centralized Purchasing System. Section 3.16.040, Department of Public Utilities Excepted from Operation, states, "...in accordance with the purposes of this chapter, cooperative purchasing arrangement may be consummated at any time between that department and the Purchasing Division established by this Chapter." Certain exemptions from formal bidding for those items peculiar to the needs of the Department of Public Utilities are detailed in Article Four, Section 403 of the Recommended Purchasing Resolution.
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Municipal Code			
Chapter/Section	Title	Summary	Notes
Chapter 3.16	Centralized Purchasing System	Provides an overview of the City's Centralized Purchasing System and assigns the Purchasing Manager, through powers granted by the City Manager, to manage all purchases of supplies/equipment, sell all surplus, and transfer surplus between City Departments/Agencies. City Manager shall formulate and amend purchasing rules as necessary. RPU is given certain exemptions to Centralized Purchasing and may consummate a cooperative purchasing arrangement between RPU and the Purchasing Division.	Based on language in the Proposed Purchasing Resolution, an Ordinance is needed to clarify role of CFO/Treasurer and Purchasing Manager.
Chapter 1.07	Design-Build Procurement	The purpose of this Chapter is to provide definitions and guidelines for the award, use and evaluation of Design-Build Contracts as required by Measure KK enacted by the voters on November 2, 2004 and codified in Section 1114 of the Riverside City Charter.	Charter Section 1114, Use of Design-Building Procurement for Public Works Projects.

Resolution(s)			
Resolution Number	Title	Summary	Notes
Resolution #22576	Purchasing Resolution	Adopted on September 12, 2013, Resolution 22576 was the first attempt to centralize all City Council approved purchasing policies/resolutions into a singular document.	Resolution #22576 will be replaced by the Recommended Purchasing Resolution, which will change the format of the Resolution.

Resolution(s)

Recommended Resolution	Purchasing Resolution	<p>In an effort to provide clarity and high level guidance to staff, the business community and elected officials, staff revisited the organization of the City's existing Purchasing Resolution. As a result, simplified the recitals and restricted the Recommended Purchasing Resolution, as follows:</p> <p>Article One - Definitions (Refined List)</p> <p>Article Two - General Purchasing Policy Statement and Delegation of Authority Limits (\$)</p> <p>Article Three - Emergency Procurement</p> <p>Article Four - Informal Procurement</p> <p>Article Five - Formal Procurement</p> <p>Article Six - Acquisition of Goods</p> <p>Article Seven - Acquisition of Services</p> <p>Article Eight - Acquisition of Construction Services</p> <p>Article Nine - Acquisition of Design Build Services</p> <p>Article Ten - Acquisition of Real Property</p> <p>Article Eleven - Purchase Order and Requisition Procedures</p> <p>Article Twelve - Disposition of Surplus Goods</p>	<p>The Recommended Purchasing Resolution was created by the Finance Department and City Attorney's Office. The reorganization was a result of comments received from the Purchasing Task Force and a self-evaluation by the Finance Department of best practices. In addition to reorganizing the context for ease of use, the document was updated to include all applicable references to Charter Sections and the City's Municipal Code. Further, the Recommended Purchasing Resolution was reviewed by all Department Heads in late April through mid-May. The Recommended Purchasing Resolution will be presented to the Finance Committee in July/August 2017 and to the City Council a month after the Finance Committee.</p>
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Administrative Manual Procedures

Procedure Number	Title	Summary	Notes
02.004.00	Contracting for Professional Services when Fees are in Excess of \$50,000	See Title	Will be combined with Procedure # 02.005.00 (Contracting for Professional Services When Fees are Less than \$50,000) and Procedure # 07.014.00 (Processing Negotiated Contracts and Agreements) into a comprehensive Services Procurement Administrative Manual Procedure.
02.005.00	Contracting for Professional Services when Fees are Less than \$50,000	See Title	Will be combined with Procedure # 02.004.00 (Contracting for Professional Services When Fees are in Excess of \$50,000), and Procedure # 07.014.00 (Processing Negotiated Contracts and Agreements) into a comprehensive Services Procurement Administrative Manual Procedure.
07.001.00	Purchase Requisition	See Title	Will be combined with Procedure # 07.002.00 (Routine Purchase Orders), Procedure # 07.003.00 (Change Orders), Procedure # 07.004.00 (Cancellation of Purchase Orders), and Procedure #07.008.00 (Annual Purchase Orders)

Administrative Manual Procedure

07.002.00	Routine Purchase Orders	See Title	Will be combined with Procedure # 07.001.00 (Purchase Requisition), Procedure# 07.003.00 (Change Orders), Procedure # 07.004.00 (Cancellation of Purchase Orders), and Procedure #07.008.00 (Annual Purchase Orders)
07.003.00	Change Orders	See Title	Will be combined with Procedure # 07.001.00 (Purchase Requisition), Procedure# 07.002.00 (Routine Purchase Orders), Procedure # 07.004.00 (Cancellation of Purchase Orders), and Procedure #07.008.00 (Annual Purchase Orders)
07.004.00	Cancellation of Purchase Orders	See Title	Will be combined with Procedure # 07.001.00 (Purchase Requisition), with Procedure # 07.002.00 (Routine Purchase Orders), Procedure# 07.003.00 (Change Orders), and Procedure #07.008.00 (Annual Purchase Orders)
07.005.00	Petty Cash Purchases	See Title	Will be combined with Procedure # 07.006.00 (Request for Payment), Procedure #07.011.00 (Receiving and Payment for Supplies), and Procedure # 07.017.00 (Purchasing Card)

Administrative Manual Procedures

07.006.00	Request for Payment	See Title	Currently, this procedure is being rewritten as the Request for Distribution. When complete, this procedure will be combined with Procedure # 07.005.00 (Petty Cash Purchases), Procedure #07.011.00 (Receiving and Payment for Supplies), and Procedure # 07.017.00 (Purchasing Card)
07.007.00	Emergency Purchases	See Title	Will be combined with Procedure #07.018.00 (FEMA Emergency Purchasing Procedures)
07.008.00	Annual Purchase Orders	See Title	Will be combined with Procedure # 07.001.00 (Purchase Requisition), Procedure # 07.002.00 (Routine Purchase Orders), Procedure # 07.003.00 (Change Orders), and Procedure # 07.004.00 (Cancellation of Purchase Orders)
07.009.00	Vehicle Purchases	See Title	Will be combined with Procedure #07.010.00 (Equipment Replacement) as part of a comprehensive Acquisition of Goods procedure
07.010.00	Equipment Replacement	See Title	Will be combined with Procedure #07.009.00 (Vehicle Purchases) as part of a comprehensive Acquisition of Goods procedure

Administrative Manual Procedures

07.011.00	Receiving and Payment for Supplies	See Title	Will be combined with Procedure # 07.005.00 (Petty Cash Purchases), Procedure # 07.006.00 (Request for Payment), and Procedure # 07.017.00 (Purchasing Card)
07.012.00	Surplus or Obsolete Materials and Equipment	See Title	Will be combined with Procedure #08.003.00 (Disposition and Sale of City Owned Real Property) and Procedure 07.013.00 (Donation of Surplus or Obsolete Personal Computers) as part of the Disposition/Donation of Surplus Goods/Property
07.013.00	Donation of Surplus or Obsolete Personal Computers	See Title	Will be combined with Procedure #08.003.00 (Disposition and Sale of City Owned Real Property) and Procedure #07.012.00 (Surplus or Obsolete Materials and Equipment) as part of the Disposition/Donation of Surplus Goods/Property.
07.014.00	Processing Negotiated Contracts and Agreements	See Title	Will be combined with Procedure # 02.004.00 (Contracting for Professional Services When Fees are in Excess of \$50,000), and Procedure #02.005.00 (Contracting for Professional Services When Fees are Less than \$50,000) into a comprehensive Services Procurement Administrative Manual Procedure.

Administrative Manual Procedures

07.015.00	Competitive Bids	See Title	Will be revised and become part of a comprehensive Formal Procurement Procedure.
07.016.00	Waiver of Formal Competitive Bids	See Title	Will be revised and become part of a comprehensive Procurement Exception Procedure.
07.017.00	Purchasing Card	See Title	This procedure is currently being updated. Upon completion, it will be combined with Procedure # 07.005.00 (Petty Cash Purchases), Procedure # 07.006.00 (Request for Payment), and Procedure # 07.011.00 (Receiving and Payment For Supplies)
07.018.00	FEMA Emergency Purchasing Procedures	See Title	Will be combined with Procedure #07.007.00 (Emergency Purchases)
07.019.000	Procurement Protest Procedures	See Title	Recently updated; will review for any changes needed
08.001.00	Real Property Acquisitions	See Title	Recently updated; will review for any changes needed
08.003.00	Disposition and Sale of City Owned Real Property	See Title	Recently updated; will review for any changes needed. Will be combined with Procedure #07.012.00 (Surplus or Obsolete Personal Computers) and Procedure 07.013.00 (Donation of Surplus or Obsolete Personal Computers) as part of the Disposition/Donation of Surplus Goods/Property

Administrative Manual Procedures - Revised Listing of Purchasing Procedures

New Procedure	Formal Procurement Procedure	Provide general guidelines on the formal procurement thresholds and what types of purchases, subject to exceptions, must follow what process (e.g. Construction - Formal Bid, Services - Request for Proposal). Additionally, this procedure requires that formal procurements be centralized and administered on the City's online Bid System, in conjunction with the Purchasing Division.	Estimated Completion Date of September 2017
New Procedure	Informal Procurement Procedure	Provide general guidelines on the informal thresholds and what types of purchases, subject to exceptions, must follow what process (e.g. Goods - 3 quotes via email). Additionally, this procedure provides reference to the tools available for staff to perform procurement with or without the assistance of the Purchasing Division.	Estimated Completion Date of September 2017
New Procedure	Emergency Procurement Procedure	Comprehensive procedure to clarify guidelines for emergency procurement.	Estimated Completion Date of September 2017
New Procedure	Acquisition of Goods	Comprehensive procedure to clarify guidelines for acquisition of goods, supplies, materials, equipment, etc.	Estimated Completion Date of October 2017

Administrative Manual Procedures - Revised Listing of Purchasing Procedures

New Procedure	Acquisition of Services / Request for Proposal (RFP)	Based on formal/information procurement provides a high level and detailed process for acquiring services. Based on \$ threshold, provide guidelines and template for the use of Request for Procurement procurements, including standardized grading criteria and posting of document on City's website, where applicable.	Estimated Completion Date of October 2017
New Procedure	Acquisition of Construction Services	Based on formal/information procurement provides a high level and detailed process for acquiring services. Based on \$ threshold, provide guidelines and templates for the use of Bid procurements, including posting of document on City's website, where applicable.	Estimated Completion Date of October 2017
New Procedure	Acquisition of Design Build Services	Provide a user guide for the process includes in RMC Chapter 1.07, including templates	Estimated Completion Date of October 2017
Existing Procedure	Acquisition of Real Property	N/A	Estimated Completion Date of September 2017

Administrative Manual Procedures - Revised Listing of Purchasing Procedures

New Procedure	Purchase Order and Requisition Procedures	Provide a general overview of the requisition and purchasing process. In addition, will provide detailed procedures on what is required as supporting documentation in a purchase requisition and the differences between purchase orders (annual vs regular) and when each should be utilized.	Estimated Completion Date of September 2017
New Procedure	Disposition/Donation of Surplus Goods/Property	Provide procedures on the disposition/donations of all goods, services, and property.	Estimated Completion Date of September 2017
New Procedure	Purchasing Exception Procedure	Provide an overview and guidelines on the various purchasing policy exemptions included in the Purchasing Resolution.	Estimated Completion Date of October 2017
New Procedure	Types of Purchases	Comprehensive procedure on Request for Disbursement, Partial Purchase Order Payments, Purchase Card, Petty Case, Wire Transfer, etc.	Estimated Completion Date of September 2017
Existing Procedure	Procurement Protest Procedures	N/A	Estimated Completion Date of September 2017

Administrative Manual Procedures - Revised Listing of Purchasing Procedures

New Procedure	Purchasing Division Transparency & Review Procedures	In addition to the Purchasing Division review procedures included in the Purchasing Administrative Manual Procedures, this procedure clarifies the various requirements of the Purchasing Division to include certain information on the City's webpage and perform semi-annual payment for vendor analysis (e.g. check for bid splitting) and annual payment by category analysis (e.g. potential to leverage purchasing power for certain items).	Estimated Completion Date of October 2017
New Procedure	Purchasing Policy and Procedure Training	Provide an overview for the types of training (end user, manager, executive, etc.), including length and frequency of courses and timing of training updates to materials.	Estimated Completion Date of October 2017

Appendix D – Proposed Purchasing Resolution

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA ESTABLISHING RULES AND REGULATIONS FOR THE PROCUREMENT OF GOODS, SERVICES AND CONSTRUCTION CONTRACTS AND ESTABLISHING CONTRACT EXECUTION AUTHORITY, HEREINAFTER TO BE KNOWN AS THE PURCHASING RESOLUTION; AND REPEALING RESOLUTION NO. 22576.

WHEREAS, the City Manager, subject to approval of the City Council, is authorized and directed by Article VI, Section 601 (d) of the Charter of the City of Riverside, Article XI, Section 1105 of the Charter of the City of Riverside, and Chapter 3.16 of the Riverside Municipal Code to prepare and recommend adoption of rules and regulations governing the contracting for and the procuring, purchasing, storing, distributing and disposing of all supplies, materials and equipment required by any office, department or agency of the City; and

WHEREAS, the City Manager is authorized by Resolution as directed by Article IV, Section 419 of the Charter of the City of Riverside, to bind the City, with or without written contract, for the acquisition of equipment, materials, supplies, labor, services, or other items, if included within the budget approved by the City Council, and may impose a monetary limit upon such authority; and

WHEREAS, the City Council desires to consolidate the City's various rules and regulations governing procurements into a single resolution documenting the requirements and to maintain clarity and transparency for the City's procurement policies and procedures.

NOW, THEREFORE, IT IS RESOLVED by the City Council of the City of Riverside California, as follows:

Section 1: That the following rules and regulations are hereby adopted for the administration of the City's centralized purchasing system:

TITLE: PURCHASING RESOLUTION RULES AND REGULATIONS

ARTICLE ONE: DEFINITION OF TERMS

SECTION 100. Definitions. The words set forth hereinafter in this Resolution shall have the following meanings whenever they appear in these rules and regulations, unless the context in which they are used clearly requires a different meaning:

(a) “Awarding Entity” means the City Council when referencing Procurement for the City or for any Using Agency of the City except for the Riverside Board of Public Utilities or Riverside Department of Public Utilities and Board of Library Trustees or Library Department; and means the Riverside Board of Public Utilities when referencing Procurement for the Riverside Department of Public Utilities in accordance with Article XII, Section 1202 of the Charter of the City of Riverside; and means the Board of Library Trustees when referencing Procurement for the Library Department in accordance with Article VIII, Section 808(d) of the Charter of the City of Riverside.

(b) “Bid” means an offer or proposal submitted by a Bidder setting forth the price for the Goods, Services, or Construction to be provided.

(c) “Bidder” means any individual, firm, entity, partnership, corporation, or combination thereof, submitting a Bid, acting directly or through a duly authorized representative of a Using Agency.

(d) “Change Order” means a City-issued document used to modify a Purchase Order to add, delete, or revise the quantity, price or scope of Goods, Services, Professional Services or Construction being provided.

(e) “City” means the City of Riverside.

(f) “Competitive Procurement” means a process involving the solicitation under the authority and supervision of the Manager by Formal Procurement or Informal Procurement (all as hereinafter defined) under procedures and circumstances intended to foster effective, broad-based competition within the private sector to provide Goods, Services or Construction to the City.

(g) “Construction” means the process of building, altering, repairing, improving or demolishing any public structure or building, or other public improvements of any kind, and includes the projects described in Article XI, Section 1109 of the Charter of the City of Riverside; it does not include routine operation, maintenance or repair of existing structures, buildings or real property by the City's own forces. “Construction” shall also include “public project” as defined in Section 20161 of the California Public Contract Code.

(h) “Contract” means any type of legally recognized agreement to provide Goods, Services or Construction, no matter what it may be titled or how described, including executed Purchase Orders, for the Procurement or disposition of Goods, Services or Construction, but does not include any agreement for collective bargaining, utility extensions, subdivision improvements or any agreements whereby an owner of real property or his or her authorized representative agrees to construct improvements of a public nature on property to be dedicated to the City.

(i) “Contractor” means any Person (as hereinafter defined) who enters into a Contract with the City.

(j) “Cooperative Purchasing” means a purchasing method whereby the Procurement requirements of two or more governmental entities are combined in order to obtain the benefit of volume Procurement or reduction in administrative expenses. Cooperative Purchasing practices may include other agencies who conduct volume procurements on behalf of governmental agencies.

(k) “Design-Bid-Build” means a traditional method of construction project delivery involving the selection and award of professional design services followed by a separate process for construction services once the design documents are complete.

(l) “Design-Build” means a process involving contracting with a single entity for both the design and Construction of a public works project pursuant to a competitive negotiation process established by City Council ordinance from time to time in accordance with Article XI, Section 1114 of the City of the Charter of the City of Riverside and Chapter 1.07 of the Riverside Municipal Code.

(m) “Emergency Procurement” means the Procurement of Goods, Services or Construction without utilizing Competitive Procurement in circumstances set forth in Article Three hereof as constituting an “emergency”.

(n) “Field Order” means in construction projects, a written order passed to the contractor from the City or architect which will effect a minor change in work, requiring no further adjustment to the contract sum or expected date of completion.

(o) "Formal Bid" means a written Bid which shall be (1) submitted in a sealed envelope, or electronically, in conformance with a City-prescribed format and procedure, (2) publicly opened, read and-recorded at a City-specified date, time and place, and (3) accepted only by an award made by the Awarding Entity.

(p) “Formal Procurement” means Procurement by written Notice Inviting Bids and Formal Bid, Request for Proposals, or Request for Qualifications and includes Procurement of Construction, Goods and Services subject to the bidding requirements of Section 1109 of the City Charter.

(q) “Goods” means supplies, materials, equipment and other things included within the definition of "Goods" in Section 2105 of the California Uniform Commercial Code.

(r) “Grant” means funding from State, Federal or other sources, which require specific use of the funding provided to the City.

(s) “Informal Bid” means an offer, which may be conveyed to the Manager by email, letter, memo, financial system or other means, to provide for stated prices, Goods, Services or Construction, which are not required to be Procured by Formal Procurement; Informal Bids shall be solicited only by City personnel from a Using Agency who are authorized to do so, and for each instance of Procurement by Informal Bid, the authorized personnel shall obtain Informal Bids from at least three different Persons, if possible.

(t) “Informal Procurement” means Competitive Procurement by Request For Bid, Request for Proposals or Request for Information submitted by Persons in the Open Market submitted to the Using Agency or Manager.

(u) “Life Cycle Cost” means the estimated total cost of Goods, Services or Construction Procured by the City over the useful life of the Goods, Services or Construction based upon their initial Procurement price as adjusted by projected operating, maintenance and related ownership expenses which the City will incur during their useful life.

(v) “Lowest Responsive Bidder” means the Bidder or Offeror who submits the lowest responsive Formal Bid, Informal Bid, or Offer in response to the City’s invitation or request therefore, as determined by the City.

(w) “Manager” means the City’s Purchasing Manager, who supervises the City’s Purchasing Division located in the Finance Department.

(x) “Negotiated Procurement” means the business marketplace in which a User Agency or the Manager, exercising prudent business practices and judgment, would Procure Goods, Services or Construction utilizing a negotiation procedure, subject to approval by the Manager, instead of Informal or Formal Bid.

(y) “Open Market” means the private sector business marketplace in which private persons, exercising prudent business practices and judgement, would Procure Goods, Services, or Construction utilizing Informal Bid or Formal bid procedures.

(z) “Person” means any individual, partnership, limited partnership, association, corporation, labor union, committee, club, governmental entity or other entity recognized by California law.

(aa) “Procure” and “Procurement” mean buying, purchasing, renting, leasing or otherwise acquiring or obtaining Goods, Services or Construction; this also includes all functions and procedures pertaining thereto.

(bb) “Professional Services” means advisory, consulting, architectural, information technology, engineering, financial, legal (including claims adjustment), surveying, research or

developmental and any other services which involve the exercise of professional discretion and independent judgment based on an advanced or specialized knowledge, expertise or training gained by formal studies or experience.

(cc) “Purchase Order” means a City-issued document with any necessary terms and conditions, which authorizes the delivery of Goods, the rendering of Services or the performance of Construction at a stated price and encumbers City funds for the payment therefore; when approved by the City Council through the biennial budget process or at another time during the start of any fiscal year, a Purchase Order shall be referred to as an “Annual Purchase Order.”

(dd) “Purchase Requisition” means a written request prepared on the requisite City form prepared by the Manager, and submitted by a Using Agency to the Manager for Procurement of specified Goods, Services or Construction.

(ee) “Request for Proposals” means a written solicitation issued by the Purchasing Division, through the supervision of the Manager, which (1) generally describes the Goods or Services sought to be Procured by the City, (2) sets forth minimum standards and criteria for evaluating proposals submitted in response to it, (3) generally describes the format and content of proposals to be submitted, (4) provides for negotiation of terms and conditions of the Procurement Contract and (5) may place emphasis on described factors other than price to be used in evaluating proposals.

(ff) “Request for Bid” means a written or verbal solicitation issued under the authority and supervision of the Manager for Formal or Informal Bids for described Goods, Services or Construction, which may be Procured by Formal or Informal Procurement.

(gg) “Request for Qualifications” means a written solicitation issued by the Purchasing Division, through the supervision of the Manager, which (1) generally describes the Goods or Services sought to be Procured by the City, (2) sets forth in determining what qualified Persons can provide those services by providing minimum standards and criteria for the Goods or Services sought, and (3) generally describes the format and content of proposals to be submitted, and (4) may provide for negotiation of the Procurement Contract.

(hh) “Request for Information” means a written solicitation issued by a Using Agency, through the supervision of the Manager, which (1) generally describes the Goods or Services sought to be Procured by the City, (2) sets forth in determining what Persons can provide Goods or Services sought to be Procured by the City, and (3) does not provide for the negotiation of any Procurement Contract.

(ii) “Responsible Bidder” means a Bidder who is determined by the Manager or the Awarding Entity to be responsible based on the following criteria:

- (1) The Bidder’s ability, capacity and skill to perform the Contract, and to provide post-performance maintenance and repair;
- (2) The Bidder’s facilities and resources;
- (3) The Bidder’s character, integrity, reputation, judgment, experience and efficiency;
- (4) The Bidder’s record of performance of prior Contracts with the City and others; and
- (5) The Bidder’s compliance with laws, regulations, guidelines and orders governing prior Contracts performed by the Bidder.

(jj) “Responsive Bid” means a Formal Bid or Informal Bid submitted in response to a City-issued Notice Inviting Bids or Request For Bids, which meets and conforms to the substantive requirements specified by the City without material qualification or exception, as determined by the City.

(kk) “Services” means all services which are described in City specifications or are in the nature of advertising, cleaning, gardening, insurance, janitorial, leasing of Goods, membership, postal, printing, security, subscriptions, travel, utilities (electric, gas, telegraph, telephone, transportation and water), weeding and discing, and the repairing, maintaining or servicing of Goods, but does not include Professional Services, real property transactions, Construction, Design-Build, nor employment and collective bargaining Contracts.

(ll) “Specifications” means a City-issued or referenced definite, detailed written description of the Goods to be furnished, the Services to be performed or the Construction work to be done and materials to be used under a Contract with the City, which specifies the composition, Construction, dimension, durability, efficiency, form, nature, performance characteristics and standards, quality, shape, texture, type and utility of Goods, Services or Construction sought by the City.

(mm) “Surplus Goods” means any Goods having a remaining useful life or salvage value but which are no longer used, needed for use or retained for potential use by the Using Agency which has care, custody or control of them.

(nn) “Using Agency” means all City departments, institutions, offices, boards, commissions, divisions, agencies and authorities which derive their support totally or in part from City funds and for which the Manager is directed to Procure Goods, Services, Professional Services, Design-Build, or Construction.

ARTICLE TWO: GENERAL PURCHASING POLICY STATEMENT AND DELEGATED AUTHORITY FOR PURCHASES AND CONTRACT EXECUTION

SECTION 200. Policy. It is hereby determined and declared to be the policy and requirement of the City that Procurement of Goods, Services and Construction by the City shall, whenever practicable and advantageous to the City, be based on Competitive Procurement, whether by Informal Procurement (ARTICLE FOUR) if permitted, or Formal Procurement (ARTICLE FIVE) if required, except as otherwise provided in this Resolution or the City Charter. Goods, Services and Construction must be procured in compliance with this Resolution.

SECTION 201. Exceptions. Competitive Procurement shall not be required in circumstances explicitly stated in this Resolution; exceptions to Competitive Procurement will be included with each type of Procurement under ARTICLE THREE (Emergency Procurement), ARTICLE SIX (Procurement of Goods), ARTICLE SEVEN (Procurement of Services), ARTICLE EIGHT (Procurement of Construction), ARTICLE NINE (Procurement of Design-Build Services, and ARTICLE TEN (Procurement of Real Property).

SECTION 202. Authorization. The City Manager is authorized to approve, execute, and bind the City to:

(a) Contracts and purchase orders for goods, professional services, and design-build services of \$50,000 or less, entered into in accordance with the policies and procedures outlined in this Resolution, and

(b) Such other contracts as are expressly approved by the City Council, Board of Public Utilities, and Board of Library Trustees.

SECTION 203. Delegation by City Manager. The City Manager is authorized to delegate such authority to his or her designees, including among others Department Heads, when the City Manager deems it is in the best interests of the City to do so.

SECTION 204. City Attorney Authorization. The City Attorney is authorized to approve, execute, and bind the City to contracts up to \$50,000 for expert and consultant services in connection with existing and anticipated litigation and/or claim defense or prosecution, and other such related matters, including, but not limited to, expert witnesses, arbitrators, mediators, court transcripts, court reporters, process servers, private investigators, court filing and messenger services, and other legal support services.

ARTICLE THREE: EMERGENCY PROCUREMENT

SECTION 300. Policy. While the need for Emergency Procurement is recognized, the practice shall be curtailed as much as possible by anticipating needs so that normal Competitive Procurement may be used.

SECTION 301. Conditions. An “emergency” shall be deemed to exist under anyone or more of the following circumstances:

- (a) A great public calamity;
- (b) An immediate need to prepare for national or local defense;
- (c) A breakdown in machinery, facilities or essential services which requires the immediate Procurement of Goods, Services or Construction to protect the public health, welfare, safety, property, or personal/confidential information;

(d) A Using Agency operation directly affecting the public health, welfare or safety, the protection of public property, or personal/confidential information, is so severely impacted by any cause that personal injury or property destruction appears to be imminent and probable unless Goods, Services or Construction designed or intended to mitigate the risks thereof are Procured immediately; or

(e) A Using Agency is involved in a City project, which is of such a nature that the need for particular Goods, Services or Construction can only be ascertained as the project progresses and, when ascertained, must be satisfied immediately for the preservation of public health, welfare, safety or property.

SECTION 302. Authorization. Emergency Procurement may be initiated by the head of a Using Agency or his or her duly authorized representative (the “individual”) only as follows:

(a) During normal City business hours for non-Riverside Public Utilities purchases, the individual shall contact the Manager and explain to the Manager’s satisfaction the reasons and justification for Emergency Procurement. If the nature of the emergency is such that Goods, Services or Construction must be Procured immediately and the Manager is satisfied with the explanation of reasons and justifications given therefor, the Manager shall authorize the Procurement and cause an emergency Purchase Order to be issued as soon as possible and in no event later than the following business day. A Purchase Requisition confirming the Procurement must be prepared by the individual and submitted to the Manager no later than the following business day. Items exceeding \$50,000 need to be approved by the City Council.

(b) After normal City business hours for non-Riverside Public Utilities purchases, the individual shall exercise his or her best judgment in ascertaining whether the actual circumstances necessitate Emergency Procurement, and if deemed necessary shall order it. As soon as possible and in no event later than the following business day, the individual shall prepare a Purchase Requisition confirming the Emergency Procurement and deliver it to the Manager, who shall then review and cause an emergency Purchase Order therefor to be prepared. Upon Manager

concurrence, the word “confirmation” shall be clearly imprinted on all Purchase Requisitions and Purchase Orders issued in confirmation of Emergency Procurement.

(c) For urgent purchases relating to Riverside Public Utilities, Article, XII, Section 1202(b) of the City’s Charter applies and shall be followed.

(d) For urgent purchases as defined by Article XI, Section 1109 relating to Public Works Contracts over \$50,000; urgent items procured while not following Competitive Procurement, in order to preserve life, health or property, shall be authorized by resolution passed by at least five affirmative votes of the City Council and the resolution must contain a declaration of the facts constituting such urgency.

SECTION 303. Expenditure Limits. Total emergency expenditures for one event, unless otherwise stated in this resolution or approved by subsequent City Council action, shall not exceed \$25 million as set forth in Municipal Code Section 9.20.090, Emergency Expenditures.

ARTICLE FOUR: INFORMAL PROCUREMENT

SECTION 400. Policy. For the acquisition of Goods, Services and Construction, Informal Procurement will be conducted by the Using Agency, through the approval of the Manager and the Manager’s duly authorized representatives in a manner and under circumstances intended to elicit competitive responses.

SECTION 401. Informal Procurement Procedure. The process, forms and systems used to conduct Informal Procurement, as recommended by the Manager and Chief Financial Officer and approved by the City Manager, shall be included in the City’s Administrative Manual.

SECTION 402. General Limitations on Informal Procurement. Informal Procurement may be conducted under the supervision of the Manager if the Procurement expenditure is estimated to be Fifty Dollars (\$50,000.00) or less, does not fall within the Utilities Exception, and does not involve the Procurement of Construction or Goods of the type required by Section 1109 of the City Charter to be acquired by Formal Procurement.

SECTION 403. Exceptions. Competitive Procurement shall not be required for Information Technology software maintenance and license renewals; training; advertising; or professional recruitment services where the Manager is satisfied that the best price, terms and condition for the Procurement thereof have been negotiated.

SECTION 404. Utilities Exception. The Water, Electric and Sewer Utilities have a need for compatibility within their respective systems for uniform operation, maintenance and replacement, and this need can be met by procuring certain supplies, equipment, and materials supplies through Informal Procurement or Negotiated Procurement. Section 1109 of the City Charter provides that such procurements may be exempted from formal competitive procurement requirements if the City Council so determines by at least five affirmative votes.

If it appears to the Manager to be in the best interest of overall economy and efficiency of the City to do so, and it is within existing budget appropriation, the following supplies, equipment, and materials are determined to be peculiar to the needs of the Water Utility, the Electric Utility, and the Sewer Utility and may be acquired by Informal Procurement or Negotiated Procurement, regardless of their estimated Procurement expenditure amounts, provided that the City's Board of Public Utilities or City Council shall have approved the proposed acquisition if required under the provisions of the City Charter, either by approval of the procurement contract or approval of annual purchase orders:

- Automatic Reclosers with associated controllers and communications equipment
- Batteries and Chargers
- Blower Equipment, Parts and Repair
- Bus and Bus Support
- Capacitors
- Chemicals
- Circuit Breakers
- Circuit Switcher
- Conduit and Duct
- Connectors
- Dewatering Equipment, Parts and Repairs

Electric Motor Controls
 Electrical Line Devices
 Electrical Motors, Panels, Panel Equipment, Materials and Repairs
 Fiber Optics Equipment and Materials
 Fire Hydrants
 Fittings, Electrical, Water, and Sewer
 Insulators and Bushings
 Luminaries
 Meter and Metering Devices
 Mobile Substation
 Pipe and Pipe Fittings
 Pole Line Hardware
 Poles, Utility
 Power Generation Materials, Equipment, Parts and Repair
 Prefabricated Electrical Enclosures
 Pumps and Repairs
 Regulators
 Relaying and Protective Devices
 Road and Backfill Materials
 SCADA Equipment
 Substation and Distribution Automation Equipment
 Substation Online Monitoring Equipment and Devices
 Substation Supervisory Equipment
 Surge Arrestors
 Switches, Switchgear, and Accessories Testing Equipment
 Transformers and Accessories Treatment Equipment
 Tubing, Copper and Plastic
 Valves and Operators
 Vaults and Accessories
 Wire and Cable
 Uninterruptable Power Supplies
 Well Equipment (including incidental labor to install, which labor shall not exceed the amount set by state law for which bids are required for public works projects of a general law city)
 Such other supplies and materials peculiar to the needs of the Public Utilities Department, which are carried as inventory items in Central Stores stock.

SECTION 405. Riverside Public Library Exception. The following supplies, materials and services are determined to be peculiar to the needs of the Library Department through City Charter Section 808(d). If it appears to the Manager to be in the best interest of overall economy and efficiency of the City to do so and is within existing budget appropriation, be acquired by Informal Procurement or Negotiated Procurement, regardless of their estimated Procurement expenditure amounts, provided that the City's Board of Library Trustees or City Council shall have approved the proposed acquisition if required under the provisions of the City Charter, either by approval of the procurement contract or approval of annual purchase orders:

Books
 Journals
 Maps

Office Supplies
Publications
Subscription Services
Other Needs as determined by the Manager

SECTION 406. Request for Bids. The Manager, or Using Agency shall solicit Informal Bids by means of a written or verbal Request for Bids, accompanied by City specifications, if deemed necessary by the Manager. Responses to the City's Request for Bids shall be in writing, and documentation of responses shall be submitted to the Manager prior to payment by the Finance Department.

SECTION 407. Rejections and Awards. The Manager may reject any and all Informal Bids submitted in response to a Request for Bids and otherwise shall award all Informal Bids, insofar as practicable, to the Lowest Bidder. The Manager shall be authorized to administer Contracts for Goods and Services awarded by Informal Procurement, including but not limited to Purchase Orders.

SECTION 408. Contract Bonds. The provisions of Section 510 shall also apply to all Contracts for Goods, Services or Construction awarded under Informal Procurement.

SECTION 409. Public Records. The Manager shall maintain and keep records of all Informal Procurements, including Informal Bids received, in accordance with the applicable City's Record Retention Schedule adopted by the City Council from time to time, and those records shall be open to public inspection upon request during normal City business hours.

ARTICLE FIVE: FORMAL PROCUREMENT

SECTION 500. Policy. For the acquisition of Goods, Services and Construction, Formal Procurement shall be conducted by the Manager and the Manager's duly authorized representatives in conjunction with a Using Agency, or may be conducted by the Using Agency, through the approval of the Manager and the Manager's duly authorized representatives in a manner and under circumstances intended to elicit competitive responses.

SECTION 501. Formal Procurement Procedure. The process, forms and systems used to conduct Formal Procurement, as recommended by the Manager and Chief Financial Officer and approved by the City Manager, shall be included in the City's Administrative Manual.

SECTION 502. General Limitations on Formal Procurement. Formal Procurement shall be conducted under the supervision of the Manager if the Procurement expenditure is estimated to be more than Fifty Thousand Dollars (\$50,000.00) or falls within Section 1109 of the City Charter, except in those Procurement situations described in:

- (a) Article Three (Emergency Procurement);
- (b) Section 402 (Informal Procurement – General Limitations);
- (c) Section 403 (Exceptions);
- (d) Section 404 (Utilities Exception);
- (e) Section 405 (Riverside Public Library Exception);
- (f) Section 602 (Acquisition of Good Exceptions);
- (g) Section 702 (Acquisition of Services Exceptions);
- (h) Section 802 (Acquisition of Construction Exceptions);
- (i) Section 902 (Design-Build Exceptions); and
- (j) Section 1002 (Acquisition of Real Property Exceptions)

SECTION 503. Soliciting Formal Bids. A Notice Inviting Bids shall be published at least once in a newspaper of general circulation in the City, the first publication of which shall be at least ten days before the time and date set by the Manager for opening the Formal Bids received. The notice shall include a general description of the Goods, Services or Construction sought to be Procured by the City, shall state where Specifications therefor may be obtained and shall set forth the time and place for a public opening of Formal Bids received timely. The Manager shall, in addition and as practicable, solicit Formal Bids from a sufficient number of responsible prospective bidders whose names appear on the bidders' lists maintained pursuant to Section 1106 hereof by causing to be sent to them notification that will acquaint them with the Procurement items sought by the City. The words "Bid" and "Bids" as hereinafter set forth within this Article shall mean Formal Bid and Formal Bids, respectively.

SECTION 504. Submittal of Bids and Bid Securities. Bids and bid securities, which security shall guarantee the Bid and be forfeited to the City if the Bidder is awarded the Contract

but fails or refuses to honor the Bid and execute the Contract documents timely, shall be submitted to the City in the following manner:

(a) For Formal Procurement subject to Section 1109 of the City Charter, the Bids shall be (i) submitted in the manner required by the City as specified in the solicitation document, (ii) accompanied by the type and amount of Bid security prescribed by Section 1109, (iii) sealed as prescribed in the notice inviting Bids or the specifications referenced in the notice, and (iv) submitted to the City's Purchasing Division within the time and in the manner specified by the notice or Specifications.

(b) For Formal Procurement not subject to Section 1109 of the City Charter, the Bid shall be submitted in the form required by the City, accompanied by the type and amount of Bid security specified, sealed, and submitted to the Purchasing Division within the time and manner specified in the notice inviting Bids or the Specifications referenced in the notice.

SECTION 505. Opening of Bids. The Bids shall be opened and referenced as to Bidder identity and amounts Bid in public at the time and place specified in the published notice, and no Bid shall be received or recognized by the Purchasing Division, which has not been received prior to the time so specified. If, upon the opening of Bids to provide Goods, Services or Construction not subject to the provisions of Section 1109 of the City Charter, the Manager determines that the actual expenditure therefor would appear to be Fifty Thousand Dollars (\$50,000.00) or less, the Manager may convert the Formal Procurement to Informal Procurement procedures for award of a Contract.

SECTION 506. Tabulation and Inspection of Bids. After the Bids have been opened and referenced, the Manager shall cause them to be tabulated. Upon completion and verification of the tabulation of the Bids, they shall be subject to inspection as public records per Section 512.

SECTION 507. Rejection of Bids. The Manager may in his/her discretion reject any and all Bids, or any segregable portions thereof, for any one or more types of Goods, Services or Construction included in the Specifications when the public interest is served thereby, provided specifically that any potential award does not otherwise require consideration by the Awarding

Entity. The Awarding Entity may also take any other action permitted by Section 1109 of the City Charter.

SECTION 508. Awards. Formal Procurement Contracts shall be awarded by the Awarding Entity to the Lowest Responsive and Responsible Bidder, except that:

(a) Formal Procurement Contracts may be awarded by the Manager where the procurement is made using Cooperative Procurement methods and a supplemental appropriation is not otherwise required.

(b) A Contract for Goods may be awarded to a local Responsive Bidder who is not the Lowest Responsive Bidder but who has certified that it is a local vendor pursuant to Section 604 hereof and who is subject to taxation under the City's "Uniform Local Sales and Use Tax Ordinance" (Chapter 3.08 of the City Municipal Code) **if** the Bid difference amount between the local Responsive Bidder and the Lowest Responsive Bidder does not exceed five percent (5%) of the Lowest Responsive Bid;

SECTION 509. Approval of Contracts. All Formal Procurement Contracts shall be approved as to form by the City Attorney.

SECTION 510. Contract Bonds. Contract bonds executed by good and sufficient sureties authorized to conduct surety business in the State of California and in such amounts as are required by law or deemed adequate to insure the faithful performance of a Contract in the time and manner prescribed therein shall be required of the successful Bidder for all Contracts over \$25,000, where they are required by law and in other instances as determined by the Manager. Contract bonds requirements shall be set out in the notice inviting bids or the specifications. "Contract bonds" means performance bonds (or functional equivalent such as supply bonds) to guarantee the Contractor's faithful performance of the awarded Contract in the time, manner and workmanship specified and payment bonds to guarantee the Contractor's payment of claims as prescribed in Section 9550 et seq. of the California Civil Code.

SECTION 511. Assignment of Contract. Formal Procurement contracts shall not be assigned by the Contractor without the written consent of the City Manager. In no event shall a

Contract or any part thereof be assigned to a Bidder who was declared not to be a Non-Responsive Bidder during consideration of the Bids submitted in response to advertisement for that particular Procurement.

SECTION 512. Public Records. The Manager shall maintain and keep records of all Formal Procurements, including Formal Bids received, in accordance with the applicable City's Record Retention Schedule adopted by the City Council from time to time, and those records shall be open to public inspection upon request during normal City business hours.

ARTICLE SIX: ACQUISITION OF GOODS

SECTION 600. Policy. Acquisition of Goods by a Using Agency under the supervision of the Manager:

(a) Of \$50,000 or less may follow the Informal Procurement process, unless as required by Section 1109 of the City Charter;

(b) Anticipated to be more than \$50,000, shall follow the Formal Procurement process.

SECTION 601. Acquisition of Goods Procedure. The process, forms and systems for the acquisition of Goods, as approved by the Manager, Chief Financial Officer, and City Manager, shall be included in the City's Administrative Manual.

SECTION 602. Exceptions. Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances:

(a) When an emergency arises and Emergency Procurement is undertaken pursuant to Article Three hereof;

(b) When the Procurement involved is less than \$10,000.00;

(c) When the Procurement can only be obtained from a sole source or timely from a single source and the Manager is satisfied that the best price, terms and conditions for the Procurement thereof have been negotiated;

(d) When the Procurement consists of replacement parts for the City's vehicles and aviation units.

(e) When Cooperative Purchasing is available and undertaken or when Goods can be obtained through Federal, State and/or other public entity pricing contracts or price agreements;

(f) Where payment for Goods is to be made to a Federal, State, and/or other public entity;

(g) When Goods can be Procured from a Bidder who offers the same or better price, terms and conditions as the Bidder previously offered as the Lowest Responsive Bidder under Competitive Procurement provided that, in the opinion of the Manager, it is in the best interests of the City to do so;

(h) When the Procurement is subject to Section 403 of this Resolution.

(i) When the Procurement is subject to Section 404 of this Resolution, which generally allows for items peculiar to the needs of Riverside Public Utilities (Section 1203 of the City Charter) and Public Works to be made through Informal or Negotiated Procurement.

(j) When the Procurement is subject to Section 405 of this Resolution, which generally allows for books, journals, maps, publications and other supplies peculiar to the needs of the library to be made through Informal or Negotiated Procurement subject to the provisions of Section 808(d) of the City Charter;

(k) When the Procurement is for wholesale energy, energy ancillary services, energy transmission, wholesale water commodity, and water transmission purchases by or on behalf of the City's Public Utilities Department;

(l) When the Procurement is for public art or Museum artifacts; and

(m) When approved by the Manager, the City requires Goods not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process.

(n) When the Procurement is for the renewal of maintenance, license(s), support, or a similar need for existing technology systems, including hardware, and the items procured are from the owner/developer of the software/hardware or from a sole source provider, and the Manager is satisfied that the best price, terms and conditions have been negotiated;

(o) When the Procurement is for the renewal of maintenance, license(s), support, or a similar need for existing technology systems, including hardware, and the items are procured from a vendor/reseller that was originally selected based on the City's procurement standards, provided that 1) the vendor has been used consecutively since then and 2) if there are any non-substantive changes to the procurement, the Manager is satisfied that the best price, terms and conditions have been negotiated;

SECTION 603. Grant Purchases. When the Procurement for Goods are to be procured through the use of Federal or State grant funding, procurement shall be done in accordance with the procedures herein. If the receipt of grant funding is conditioned upon requirements and procedures more strict than as set forth herein, the procedures necessary for the receipt of the grant funding shall be followed. The Using Agency is responsible for compliance with all aspects of grant requirements and shall inform the Manager of any and all grant requirements which affect the expenditure of grant funds and the procurement of Goods, Services, or Construction with grant funds.

SECTION 603. Preference Policy. In the Manager's administration of Competitive Procurement pursuant to this Resolution, the Manager shall be authorized to give such preferences for Goods, Services or Construction as chartered cities are required to give by applicable State or Federal law, or such preferences as are permitted by such law and specifically provided for from time to time by City Council resolution or ordinance.

SECTION 604. Local Preference. In the Procurement of Goods for the City's requirements, preference shall be given to those vendors who have a local presence in the City of Riverside, provided that price, quality, terms, delivery and service reputation are determined to be

equal by the Manager under the criteria set forth in Section 508 hereof. To qualify as a local vendor, the Bidder must certify to the following at the time of Bid submission:

- (a) It has fixed facilities with employees located within the City limits;
- (b) It has a business street address within the City limits (Post Office box or residential address shall not suffice to establish a local presence);
- (c) All sales tax returns for the Goods purchased must be reported to the State through a business within the geographic boundaries of the City and the City will receive one percent (1 %) or such percentage of sales tax of Goods purchased as is allocable to the City from time to time under then existing state law; and
- (d) It has a City business license.

False certifications shall be immediate grounds for rejection of any Bid or if the Bid is awarded, grounds for voiding the Bid, terminating any Contract, and seeking damages thereto.

SECTION 605. Recycled Goods Preference. In the Procurement of Goods for the City's requirements, preference shall be given, as the City Council from time to time hereafter directs by resolution or ordinance, to recycled Goods as defined and provided for in such state legislation as the State Assistance for Recycling (STAR) Markets Act of 1989 (commencing at Section 12150 of the California Public Contract Code) and the California Integrated Waste Management Act of 1989 (commencing at Section 40000 of the California Public Resources Code).

ARTICLE SEVEN: ACQUISITION OF SERVICES

SECTION 700. Policy. Acquisition of Services by a Using Agency under the supervision of the Manager:

- (a) Of \$50,000 or less may follow the Informal Procurement process;
- (b) Anticipated to be more than \$50,000, shall follow the Formal Procurement process.

SECTION 701. Acquisition of Services Procedure. The process, forms and systems used in the acquisition of Services as approved by the Manager, Chief Financial Officer, and City Manager, shall be included in the City's Administrative Manual.

SECTION 702. Exceptions. Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances:

(a) When an emergency arises and Emergency Procurement is undertaken pursuant to Article Three hereof;

(b) When the Procurement involved is less than \$10,000.00;

(c) When the Procurement can only be obtained from a sole source or timely from a single source and the Manager is satisfied that the best price, terms and conditions for the Procurement thereof have been negotiated;

(d) When the Procurement consists of services needed for the replacement parts for the City's vehicles, aviation units, and other City equipment;

(e) When Cooperative Purchasing is available and undertaken or when Services can be obtained through Federal, State and/or other public entity pricing contracts or price agreements;

(f) Where payment for Services is to be made to a Federal, State, and/or other public entity;

(g) When Services can be Procured from a Contractor who offers the same or better price, terms and conditions as the Contractor previously offered as the Lowest Responsive Bidder under Competitive Procurement or negotiations conducted by the City or another public agency, provided that, in the opinion of the Manager, it is in the best interests of the City to do so;

(h) When the Procurement is subject to Section 403 of this Resolution.

(i) When the Procurement is subject to Section 404 of this Resolution, which generally allows for items peculiar to the needs of Riverside Public Utilities (Section 1203 of the City Charter) and Public Works to be made through Informal or Negotiated Procurement.

(j) When the Procurement is subject to Section 405 of this Resolution, which generally allows for books, journals, maps, publications and other supplies peculiar to the needs of the library to be made through Informal or Negotiated Procurement subject to the provisions of Section 808(d) of the City Charter;

(k) When the Awarding Entity waives bidding requirements under and according to the circumstances set forth in Section 1109 of the City Charter, or when it is determined by the Manager to be in the best interests of the City to do so;

(l) When the Procurement is for wholesale energy, energy ancillary services, energy transmission, wholesale water commodity, and water transmission purchases by or on behalf of the City's Public Utilities Department;

(m) When the Procurement is for the retention of outside legal counsel and services;

(n) When the Procurement is for the retention of services associated with litigation and/or claims, or other such related matters, including but not limited to, expert witnesses, arbitrators, mediators, court transcripts, court reporters, process servers, private investigators, court filing and messenger services, and other legal support services;

(o) When the Procurement is by the City Manager or designee for an interim Department Head, interim Assistant/Deputy Department Head or an interim Senior Management employee;

(p) When approved by the Manager and the Procurement is for the hiring of special instructors/performers, including but not limited to Library, Museum, or Park, Recreation, and Community Services classes.

(q) When the Procurement is for the annual maintenance, license(s), support, or similar need for current technology systems, including hardware, and the items procured are from the owner/developer of the software/hardware or from a sole source provider, and the Manager is satisfied that the best price, terms and conditions have been negotiated;

(r) When the Procurement is for the renewal of maintenance, license(s), support, or a similar need for existing technology systems, including hardware, and the items are procured from a vendor/reseller that was originally selected based on the City's procurement standards, provided that 1) the vendor has been used consecutively since then and 2) if there are any non-substantive changes to the procurement, the Manager is satisfied that the best price, terms and conditions have been negotiated;

(s) When the Competitive Procurement of less than \$50,000 for consultant services is waived with the written approval of the City Manager; and

(t) When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process.

SECTION 703. Grant Purchases. When the Procurement of Services are to be procured through the use of Federal or State grant funding, procurement shall be done in accordance with the procedures herein. If the receipt of grant funding is conditioned upon requirements and procedures more strict than as set forth herein, the procedures necessary for the receipt of the grant funding shall be followed. The Using Agency is responsible for compliance with all aspects of grant requirements and shall inform the Manager of any and all grant requirements which affect the expenditure of grant funds and the procurement of Goods, Services, or Construction with grant funds.

ARTICLE EIGHT: ACQUISITION OF CONSTRUCTION SERVICES

SECTION 800. Policy. Acquisition of Construction Services shall be completed in conformance with Section 1109 of the City Charter. To the extent not inconsistent with the City Charter, the provisions of this Resolution, as amended from time to time, shall apply to all Design-Build and Design-Bid-Build Public Works Projects. Formal Procurement process and Awarding Entity approval shall be required for acquisition of all services above \$50,000 pursuant to City Charter Section 1109 and 1202(b).

SECTION 801. Acquisition of Construction Services Procedure. The process, forms and systems used to acquire Construction Services, as approved by the Manager, Chief Financial Officer, and City Manager, shall be included in the City's Administrative Manual.

SECTION 802. Exceptions. Except as otherwise required by the City Charter, Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances:

(a) When an emergency arises and Emergency Procurement is undertaken pursuant to Article Three hereof;

(b) When the Procurement involved is less than \$10,000.00;

(c) When the Procurement can only be obtained from a sole source or timely from a single source and the Manager is satisfied that the best price, terms and conditions for the Procurement thereof have been negotiated;

(d) When procurements are conducted by Consultants on behalf of the City;

(e) When Construction Services can be Procured from a Contractor who offers the same or better price, terms and conditions as the Contractor previously offered as the Lowest Responsive Bidder under Competitive Procurement or negotiations conducted by the City or another public agency, provided that, in the opinion of the Manager, it is in the best interests of the City to do so;

(f) When Cooperative Purchasing is available and undertaken or when Services can be obtained through Federal, State and/or other public entity pricing contracts or price agreements;

(g) Where payment for Services is to be made to a Federal, State, and/or other public entity;

(h) When the Awarding Entity waives bidding requirements under and according to the circumstances set forth in Section 1109 of the City Charter, or when it is determined by the Manager to be in the best interests of the City to do so;

(i) When approved by the Manager, the City requires Construction Services, not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager

shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process.

SECTION 803. Grant Purchases. When the Procurement for Construction Services are to be procured through the use of Federal or State grant funding, procurement shall be done in accordance with the procedures herein. If the receipt of grant funding is conditioned upon requirements and procedures more strict than as set forth herein, the procedures necessary for the receipt of the grant funding shall be followed. The Using Agency is responsible for compliance with all aspects of grant requirements and shall inform the Manager of any and all grant requirements which affect the expenditure of grant funds and the procurement of Construction Services with grant funds.

SECTION 804. Change Order Exception. Field orders are specifically allowed on Design-Build Design-Bid-Build projects, if contemplated for in the contract.

ARTICLE NINE: ACQUISITION OF DESIGN-BUILD SERVICES

SECTION 900. Policy. Acquisition of Design-Build Services shall be completed in conformance with Section 1114 of the City Charter and Chapter 1.07 of the City Municipal Code. To the extent not inconsistent with the City Charter and Municipal Code, the provisions of this Resolution, as amended from time to time, shall apply to all Design-Build Public Works Projects. All Design-Build Services, regardless of Procurement dollar amount and approval limits for each Awarding Entity, shall follow the selection process and process outlined in Chapter 1.07 of the City Municipal Code.

SECTION 901. Acquisition of Design-Build Services Procedure. The process, forms and systems used to acquire Design-Build Services, as approved by the Manager, Chief Financial Officer, and City Manager, shall be included in the City's Administrative Manual.

SECTION 902. Exceptions.

(a) When an emergency arises and Emergency Procurement is undertaken pursuant to Article Three hereof;

SECTION 903. Grant Purchases. When the Procurement for Design-Build Services are to be procured through the use of Federal or State grant funding, procurement shall be done in accordance with the procedures herein. If the receipt of grant funding is conditioned upon requirements and procedures more strict than as set forth herein, the procedures necessary for the receipt of the grant funding shall be followed. The Using Agency is responsible for compliance with all aspects of grant requirements and shall inform the Manager of any and all grant requirements which affect the expenditure of grant funds and the procurement of Design-Build Services with grant funds.

ARTICLE TEN: ACQUISITION OF REAL PROPERTY

SECTION 1000. Policy. Acquisition of Services by a Using Agency under the supervision of the Real Property Services Manager:

SECTION 1001. Acquisition of Real Property Procedure. The process, forms and systems used to conduct the acquisition of Real Property, as approved by the Manager, Community & Economic Development Director, Chief Financial Officer, and City Manager, shall be included in the City's Administrative Manual.

SECTION 1002. Exceptions. None.

SECTION 1003. Grant Purchases. When the Procurement for Real Property is to be procured through the use of Federal or State grant funding, procurement shall be done in accordance with the procedures herein. If the receipt of grant funding is conditioned upon requirements and procedures more strict than as set forth herein, the procedures necessary for the receipt of the grant funding shall be followed. The Using Agency is responsible for compliance with all aspects of grant requirements and shall inform the Manager of any and all grant requirements which affect the expenditure of grant funds and the procurement of Real Property with grant funds.

SECTION 1004. Signatory Authority. When the cost of acquisition of real property by the City is Fifty Thousand Dollars (\$50,000) or less, or when the cost of acquisition of real property by the City is over Fifty Thousand Dollars (\$50,000) and said acquisition has been previously

approved by the City Council, the City Manager, any of the Assistant City Managers, or the Community & Economic Development Director are hereby authorized to negotiate and execute any and all documents necessary to complete the transaction, including, but not limited to, Purchase and Sale Agreements and Escrow Instructions.

SECTION 1005. Public Utilities. Pursuant to Article XII, Section 1202(b), when Riverside Public Utilities funds in excess of \$50,000 are utilized for the full or partial payment for the acquisition of Real Property, the Board of Public Utilities must approve the purchase prior to approval of the City Council, if necessary.

SECTION 1006. Notification to Manager. Within 90 days following the acquisition of real property, the acquiring City Department will notify the Manager of the acquisition so that the property may be added to the City's schedule of insured property.

ARTICLE ELEVEN: PURCHASE ORDER AND PURCHASE REQUISITION PROCEDURES

SECTION 1100. Policy and Purpose. The purpose of the Purchase Requisition is to inform the Manager, in clear and explicit terms, of the Procurement needs and processes followed of the Using Agencies, thus enabling the Manager to oversee the Procurement of all Goods, Services, Construction, and Design-Build work required by the City. Except as otherwise provided in this Resolution, each Using Agency shall prepare a Purchase Requisition and submit it to the Manager to provide documentation for the proper Procurement process followed. Goods shall not be ordered and/or received, and Services, Construction and Design-Build work shall not commence until a Purchase Requisition has been approved by the Manager or designee and a Purchase Order has been issued. No Purchase Requisition shall be broken into smaller units to evade any requirement of this Resolution, except that unrelated items requisitioned by Using Agencies may be separated to provide different lists to vendors dealing in different types of Goods, Services, Construction and Design-Build work.

SECTION 1101. Who May Requisition. All Purchase Requisitions shall be completed and shall be approved by the head or duly authorized representative of the Using Agency making

the requisition. At such times and in such manner as shall be prescribed by the Manager, the head of each Using Agency shall file with the City's Chief Financial Officer a written designation of each person who is authorized to approve Purchase Requisitions on behalf of the Using Agency or any division or section thereof.

SECTION 1102. Purchase Requisition Procedure. The process, forms and systems used to process Purchase Requisitions, as approved by the Manager, Chief Financial Officer, and City Manager, shall be included in the City's Administrative Manual.

SECTION 1103. Purchase Order and Encumbrance of Funds. All Procurement of Goods, Services Construction, and Design-Build shall be made by Purchase Order. Certain procurements for Services, Construction and Design-Build may have terms and conditions that govern those Procurements stated in Agreement/Contracts and in such case the Purchase Order will be utilized to track and encumber funds. No Purchase Orders shall be required for petty cash purchases less than an amount recommended from time to time by the Chief Financial Officer and approved by the City Manager. Except in cases of Emergency Procurement, no Purchase Order shall be issued unless there exists an unencumbered appropriation in the fund account against which the Procurement is to be charged. Except for Emergency Procurement, no Goods, Services, Construction or Design-Build work shall be ordered, obtained or received without authorization by the Manager, which authorization shall be in the form of an executed or confirming Purchase Order. The Manager, or his designees, shall be authorized to issue and execute Purchase Orders in accordance with policies and procedures established by the City Manager from time to time, that are consistent with this Resolution.

SECTION 1105. Change Orders. Modifications to a Purchase Order shall be made only by Change Order. Change Orders may be utilized for purposes of (1) adding and/or deleting quantity of items being procured, (2) modifying unit prices, (3) modifying scope of work/ services being provided, (4) changing funding source(s), (5) modifying contract completion time, or (6) any other change approved by the Manager. Unless otherwise specifically authorized by the

Awarding Entity, Change Orders which cumulatively exceed the following will require Awarding Entity approval:

- a) 10% of the original contract price for Contracts and/or Purchase Orders up to \$1 Million;
- b) 10% of the original contract price for Contracts and/or Purchase Orders up to \$50,000; additional percentage authority may be authorized by the Manager up to \$50,000 or as otherwise specified for in the City Charter;
- c) \$50,000 plus one percent of the original Contract or Purchase Order amount for Contracts and/or Purchase Orders in excess of \$1 Million;
- d) \$150,000; and
- e) Any Change Order which causes the contract price to exceed \$50,000, if the Contract and/or Purchase Order was not previously approved by the Awarding Entity.

Any Change Order which causes a cardinal change, as determined by the City Attorney's Office, to the Contract is specifically prohibited.

An Awarding Entity can pre-approve change orders for more than the allowances included above, provided the amount of the change order is explicitly stated in the recommendations to the Awarding Entity.

If the Contract required approval by the Awarding Entity, any Change Order which changes the scope of work of the Contract must be approved by the Awarding Entity.

The Manager, or his designees, shall be authorized to issue and execute Change Orders in accordance with policies and procedures established by the City Manager from time to time, that are consistent with this Resolution. For purposes of this Section the term Contract also includes Professional Services.

SECTION 1106. Bidders' Lists. The Manager shall maintain public lists of prospective bidders for each class of Goods, Services or Construction for which Competitive Procurement is required. These lists shall set forth the names and addresses of prospective sources of Goods or Services and shall include the manufacturer of the Goods or the provider of the Services in all

instances in which the manufacturer or provider follows the practice of direct bidding in addition to or in lieu of bidding through a local wholesaler, distributor or representative.

ARTICLE TWELVE: DISPOSITION OF SURPLUS GOODS

SECTION 1200. Reporting. Each Using Agency shall submit to the Manager, at such times and in such form as the Manager prescribes, reports describing all Goods held by the Using Agency, which the Using Agency has determined to be Surplus Goods. At such time that a periodic physical inventory of the Goods held by any Using Agency is required by the Manager, the Using Agency shall segregate all of its surplus Goods and a report thereof shall be furnished to the Manager by the Using Agency for the transfer or disposition of such Goods.

SECTION 1201. Custody of Surplus Goods. Each Using Agency shall retain custody of its surplus Goods in such manner and at such place as the Manager shall direct, until their transfer or final disposition has been made. No Using Agency shall in any event permit any surplus Goods held by it to be loaned or donated without City Council approval, or destroyed or otherwise removed from the City's custody without the prior written approval of the Manager.

SECTION 1202. Transfer. Before disposing of surplus Goods, including unclaimed property delivered to the Manager by the Police Department, the Manager shall first canvass all other Using Agencies to assure that the surplus Goods cannot be used by another Using Agency. If another Using Agency expresses a desire to use the Goods or hold them for potential future use, the Manager shall assist in transferring the Goods to that Using Agency.

SECTION 1203. Disposition. The Manager is hereby authorized to dispose of City surplus Goods and Police Unclaimed Property which are not used or needed by any Using Agency or which have become unsuitable for City use. The Manager may dispose of such Goods and Property by any of the following procedures:

- (a) They may be exchanged or traded in on new Goods;
- (b) They may be sold utilizing competitive procedures similar to those prescribed herein for Formal Procurement or Informal Procurement;

(c) They may be sold at public auction conducted by the Manager or a professional auctioneer which the Manager is hereby authorized to retain on the basis of a negotiated flat fee, hourly fee or percentage of the amount of the sale, whichever is determined by the Manager to be in the best interests of the City;

(d) They may be sold utilizing a negotiation process when the Manager deems in writing that such process is in the best interests of the City;

(e) They may be disposed of as scrap or destroyed if they have no resale value; or

(f) In accordance with State law, City's Municipal Code, and City's Administrative Manual policies and procedures.

SECTION 1204. Library Books. Notwithstanding anything to the contrary in this Resolution, books and other items which are subject to Section 808(d) of the City Charter and which the Library Department has determined to discard may be disposed of in accordance with policies as are adopted from time to time by the Board of Library Trustees and approved by the City Council.

SECTION 1205. Contributions to Other Agencies. Nothing contained in this Resolution shall affect the power and authority of the City Council to make contributions of funds, Goods, Services or Construction to other agencies.

Section 2: That the City Manager or his/her designee is authorized to execute all Contracts awarded in accordance with this Resolution.

Section 3. That Resolution No. 22576, amendments and all related Purchasing resolutions are hereby repealed.

ADOPTED by the City Council this _____ day of _____, 2017.

Mayor of the City of Riverside

Attest:

City Clerk of the City of Riverside

I, Colleen J. Nicol, City Clerk of the City of Riverside, California, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a meeting of the City Council of said City at its meeting held on the ____ day of _____ 2017, by the following vote, to wit:

Ayes:

Noes:

Absent:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Riverside, California, this _____ day of _____ 2017.

City Clerk of the City of Riverside